



# ARGENT INDUSTRIAL LIMITED

Reg no 1993/002054/06

(Incorporated in the Republic of South Africa)  
("The Group")  
Share Code : ART ISIN code : ZAE00019188

**Unaudited Interim Results for the six-months ended 30 September 2002**  
**Restatement of Audited Results for the year ended 31 March 2002 and Prior Year Adjustments**  
**Shareholders are warned to exercise caution until they have received the restated 31 March 2002 report**

▲ REVENUE UP 89% ▲

▲ ATTRIBUTABLE EARNINGS UP 108% ▲

▲ HEADLINE EARNINGS PER SHARE UP 99% ▲

Abridged Consolidated Balance Sheet for the six months ended 30 September 2002	Unaudited at 30 Sept. 2002	Unaudited at 30 Sept. 2001 Restated	Unaudited at 30 Sept. 2001 as previously stated	Audited year ended 31 Mar. 2002 Restated	Audited year ended 31 Mar. 2002 as previously stated
<b>R000</b>					
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	108 296	96 107	98 991	94 719 <sup>2</sup>	99 483
Intangibles	12 570	3 563	641	3 455 <sup>3</sup>	607
Employee share incentive scheme	1 360	831	831	695	695
	<b>122 226</b>	<b>100 501</b>	<b>100 463</b>	<b>98 869</b>	<b>100 785</b>
<b>Current assets</b>					
Inventories	82 196	47 270	47 270	60 944	60 944
Trade and other receivables	133 619	88 738	88 738	101 378	101 378
Bank balance and cash	25 127	2 997	2 997	10 493	10 493
	<b>240 942</b>	<b>139 005</b>	<b>139 005</b>	<b>172 815</b>	<b>172 815</b>
<b>Total assets</b>	<b>363 168</b>	<b>239 506</b>	<b>239 468</b>	<b>271 684</b>	<b>273 600</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital and premium	89 309	73 559	5 129	73 559 <sup>4</sup>	5 125
Reserves	24 045	26 013	26 013	24 045	24 045
Accumulated profits	52 949	26 936	94 935	35 514 <sup>5</sup>	105 468
Ordinary shareholders' funds	166 303	126 508	126 077	133 118	134 638
Minority interest	4 744	3 905	3 905	3 824	3 824
	<b>171 047</b>	<b>130 413</b>	<b>129 982</b>	<b>136 942</b>	<b>138 462</b>
<b>Non-current liabilities</b>					
Long-term borrowings	28 879	17 810	17 810	18 416	18 416
Deferred taxation	3 867	3 161	3 593	3 624	4 094
	<b>32 746</b>	<b>20 971</b>	<b>21 403</b>	<b>22 040</b>	<b>22 510</b>
<b>Current liabilities</b>					
Trade and other payables	139 578	76 774	76 771	98 255	98 255
Taxation	1 761	971	935	3 902	3 828
Shareholders for dividends	4 212	3 109	3 109	3 108	3 108
Current portion of long-term borrowings	13 824	7 268	7 268	7 437	7 437
	<b>159 375</b>	<b>88 122</b>	<b>88 083</b>	<b>112 702</b>	<b>112 628</b>
<b>Total equity and liabilities</b>	<b>363 168</b>	<b>239 506</b>	<b>239 468</b>	<b>271 684</b>	<b>273 600</b>
Net asset value per share (cents)	315,8	284,9	283,9	299,8	303,2

Statement of Changes in Equity for the six months ended 30 September 2002	Share Capital	Share Premium	Revaluation reserve	Reserve on subsidiary acquisition	Accumulated profits	Total
<b>R000</b>						
Balance at 1 April 2001	2 024	999	2 804	23 209	87 653	116 689
Prior year adjustment		65 436			(67 802) <sup>1</sup>	(2 366)
Restated balance at 1 April 2001	2 024	66 435	2 804	23 209	19 851	114 323
Issue of share capital	196	4 904				5 100
Net profit for the period ended 30 September 2001					10 429	10 429
Dividends					(3 344)	(3 344)
Balance at 30 September 2001	2 220	71 339	2 804	23 209	26 936	126 508
Reversal of revaluation of properties			(1 968)			(1 968)
Net profit for the period ended 31 March 2002					11 687	11 687
Dividends					(3 109)	(3 109)
Balance at 31 March 2002	2 220	71 339	836	23 209	35 514	133 118
Issue of share capital	412	15 338				15 750
Net profit for the period ended 30 September 2002					21 647	21 647
Dividends					(4 212)	(4 212)
Balance at 30 September 2002	2 632	86 677	836	23 209	52 949	166 303

**COMMENTARY**  
The Group once again produced a strong set of results for the six months ended 30 September 2002.

#### SALIENT FEATURES OF THE RESULTS

- ▲ Attributable earnings increased by 108% R21,6 million for the period under review (2001 restated - R10,4 million)
- ▲ Headline earnings per share increased by 99% to 48,8 cents per share over the same period (2001 restated - 24,5 cents per share)
- ▲ Group gearing increased to 25,0% (2001 restated - 19,3%)

#### DIVISIONAL PERFORMANCE

##### STEEL AND STEEL RELATED PRODUCTS

The Group's steel companies have had an excellent first six months. The ever increasing local steel prices have increased the Group's steel related turnover which with the strength of the local economy has enabled us to maintain our margins. Koch's Cut and Supply has purchased an adjacent property on which we plan to open a Laser Cutting facility.

During the period the Group acquired 100% of Jemmaster (Pty) Ltd. The fair value of the assets acquired and liabilities assumed were as follows:

	R000
Current assets	22 846
Non-current assets	1 644
Current liabilities	(9 699)
Goodwill	9 457
Total purchase price	24 248
Deduct bank balance on acquisition	(3 159)
Cash flow on acquisition net of cash acquired	21 089

The synergies between Jemmaster and the Group ranges from steel supply, manufacturing of goods that are currently out-sourced and providing a wider distribution network. Jemmaster's contribution for the periods results were (Turnover - R8,7 million and a net profit before tax of R0,8 million.)

Bavarian Metal Industries have had a great first six months having benefited from an excellent tipper body order book and better than expected steel fabrication orders. The local steel price increase has had a negative effect on Hendor Mining Supplies margins. Hendor has however secured increases from its various customers, which will come into effect between November and December 2002. Giflo Engineering has had an exceptional year. The current building expansion, which will increase Giflo's manufacturing capacity by a third, will be completed by December 2002. Giflo has doubled its exports and increased its local market share. New Joules North America has fast tracked the start of the year and is operating above budget. New Joules finalised its retractable retarder system, which could result in it being one of the largest contributors to the Group in our 2004 financial year.

##### PROJECT MANAGEMENT AND MATERIALS HANDLING

Megamix has managed to double its turnover and profit for the six months under review. We are of the opinion that the current levels of turnover can be improved and will be expanding our concrete truck fleet in January 2003. Barker Flynn Associates had a difficult six months due to the construction phase of the Reductant Plant and the Slag Plant presently being built at Empangeni. Scope and design changes resulted in delays with construction and problems with the erection contractor on both plants put tremendous pressure on the Barker Flynn Associates resources to complete the projects within the original time. This has resulted in substantial claims for extra costs on both projects, which have been submitted to the client for consideration. (All costs relating to the contract have been written off in the current period.) The Kusasa phase 2 contracts were commissioned on 31 October 2002. The rock phosphate-handling project for Navitrade is proceeding within budget and on programme.

**RESTATEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2002 AND PRIOR YEAR ADJUSTMENTS**  
Following a review by the JSE Securities Exchange SA in conjunction with the GAAP Monitoring Panel, the audited results in respect of the year ended 31 March 2002 had to be restated, primarily as a result of non-compliance by the Group and the Company in certain circumstances with the latest Statements of GAAP, as well as other items of non-disclosure. The details of the adjustments which are summarised in this announcement, will be disclosed together with the revised Cash Flow as well as other items of non-disclosure in detail in the restated annual report for the year ended 31 March 2002.

**Goodwill**  
The Group has adopted the following accounting policy, which will be fully disclosed in the restated 31 March 2002 results:

- Statement AC 131 "Business Combinations" which became effective for periods commencing on or after 1 January 2000. Goodwill arising on any new acquisitions will be amortised according to the directors' assessment of the useful life of this goodwill to a maximum of 20 years.
- Goodwill of R65 436 000 previously written off against share premium in the 31 March 1996 results by way of a consolidation adjustment, will be written off accumulated profits at 31 March 2002 by means of a prior year adjustment and share premium reinstated as reflected in the Statement of Changes in Equity. The directors are of the view that the above mentioned goodwill has been permanently impaired and accordingly has no value and was written off against accumulated profits.

##### Exchange rate adjustment on translation of the foreign operation

The reversal of R1 445 000 as a prior year adjustment in the 31 March 2001 results, was due to accounting for the profit on translation of the foreign operations fixed assets through the income statement. As a foreign operation (and not a foreign entity) as defined per Statement AC 112 "The effect of changes in foreign exchange rates", no profit on translation should have arisen. No foreign entities currently exist in the Group.

##### Amortisation of investment and owner occupied property

The Group has adopted AC 135 and AC 123 pertaining to amortisation of investment and owner occupied property respectively, which has resulted in a prior year adjustment of R 921 000 net of taxation of R1 317 000 against property, plant and equipment.

##### Current adjustments to the 31 March 2002 results

Goodwill amounting to R2 998 000 previously written off against share premium has been reinstated and the share premium adjusted accordingly. The reversal of R1 757 000 was due to accounting for the profit on translation of the foreign operations fixed assets through the income statement.

R245 000 pertaining to amortisation of investment and owner occupied property has been adjusted against property, plant and equipment.

Neither of these current and prior year adjustments have any cash flow effect.

##### Fundamental error

The Group has had to correct a fundamental error of R66 792 000 in respect of non-distributable reserves pertaining to its subsidiary companies which have been reversed against inter company loan accounts. The error occurred in 1993 and has no effect on the Group's accumulated profits and net asset value.

**Directors:** T. Scharrhuisen (Chairman), T.R. Hendry (Chief Executive Officer), Ms. S.J. Cox (Financial Director), P.A. Day (Executive), M.J. Antonic (New Business Development), G.K. Youngman (Alt. Executive), D. Smith (Alt. New Business Development)

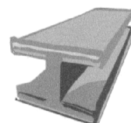
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Company Secretary: Mrs N Glover

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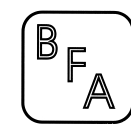
Argent Industrial Investments



Argent - Richards Bay



Bavarian Metal Industries



Barker Flynn Associates



Giflo East London



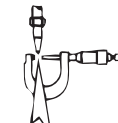
Giflo Engineering



Hendor Mining Supplies



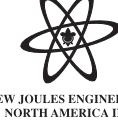
Jemmaster



Koch's Cut & Supply Steel Centre



Megamix



New Joules Engineering North America Inc.



NWN Automotive Precision Engineering



Phoenix Steel - East London



Phoenix Steel - Gauteng



Phoenix Steel - Mpumalanga



Phoenix Steel - Natal

Abridged Consolidated Income Statement for the six months ended 30 September 2002	Unaudited six months ended 30 Sept. 2002	Unaudited six months ended 30 Sept. 2001	Unaudited six months ended 30 Sept. 2001 as previously stated	Audited year ended 31 Mar. 2002 Restated	Audited year ended 31 Mar. 2002 as previously stated
<b>R000</b>					
Revenue	327 946	173 281	173 281	371 644	371 644
Operating profit before finance charges	29 027	14 198	14 395	31 860 <sup>1</sup>	34 012
Net finance charges	2 358	1 830	1 830	4 641	4 641
Net profit before taxation	26 669	12 368	12 565	27 219	29 371
Taxation	4 102	1 257	1 257	4 502	4 502
Net profit after taxation	22 567	11 111	11 308	22 717	24 869
Earnings attributable to outside shareholders	920	682	682	601	601
Earnings attributable to ordinary shareholders	21 647	10 429	10 626	22 116	24 268
Attributable earnings per share (cents)	48,0	24,4	24,8	50,2	55,1
Headline earnings per share (cents)	48,8	24,5	24,8	51,3	55,8
Dividends per share (cents)	8,0	7,0	7,0	14,0	14,0
Shares in issue (000)					
- at end of period	52 655	44 409	44 409	44 409	44 409
- weighted average for the year	45 096	42 774	42 774	44 082	44 082
<b>Calculation of Headline Earnings (R000)</b>					
Attributable earnings	21 647	10 429	10 626	22 116	24 268
<b>Adjustments for:</b>					
Goodwill amortisation	311	75		150	
Profit on disposal of property, plant and equipment		(23)	(23)	(780)	
Loss on disposal of property, plant and equipment	47			1 126	
Headline adjustments	358	52	(23)	496	346
Headline earnings	22 005	10 481	10 603	22 612	24 614

Abridged Consolidated Cash Flow Statement for the six months ended 30 September 2002	Unaudited six months ended 30 Sept. 2002	Unaudited six months ended 30 Sept. 2001
<b>R000</b>		
Cash generated from operations	31 386	12 357
Interest paid	(3 552)	(3 034)
Interest received	1 194	1 204
Dividends paid	(3 108)	(2 664)
Taxation paid	(4 933)	(212)
Cash flows from operating activities	20 987	7 651
Cash flows from investing activities	(38 953)	(6 707)
Cash flows from financing activities	32 600	1 695
Net increase in cash and cash equivalents	14 634	2 639
Cash and cash equivalents at beginning of year	10 493	358
Cash and cash equivalents at end of year	25 127	2 997

Segment Report for the six months ended 30 September 2002	Turnover unaudited six months ended 30 Sept. 2002	Turnover unaudited six months ended 30 Sept. 2001	Results unaudited six months ended 30 Sept. 2002	Results unaudited six months ended 30 Sept. 2001
<b>R000</b>				
Steel & Steel Related Products	206 636	120 350	25 782	8 576
Project Management & Materials Handling	120 981	52 592	654	3 541
Properties	329	339	233	251
Total	327 946	173 281	26 669	12 368

#### Restatement of the year ended 31 March 2002 audit report

A revised audit report has been issued together with the restated 31 March 2002 results with no change to the unqualified audit opinion. The audit report now states that the Company and the Group complies with Statements of GAAP. The revised unqualified audit report and restated 31 March 2002 results will be sent to shareholders with the hard copy of the interim results, and is available for inspection at the registered office.

Reconciliation's of Restatement of Audited Results for the year ended 31 March 2002 and prior year adjustments:	R000
<sup>1</sup> Operating profit before finance charges as previously reported	34 012
Adjustments:	
Reversal of exchange rate adjustment on translation of foreign operation	(1 757)
Amortisation of goodwill	(150)
Amortisation of investment and owner occupied property	(245)
Operating profit before finance charges restated	31 860
<sup>2</sup> Property, plant and equipment carrying amount at end of year as previously reported	99 483
Reversal of exchange rate adjustment on translation of foreign operation:	
For year end 2002	(1 757)
For year end 2001	(1 445)
Amortisation of investment and owner occupied property	(245)
Prior years amortisation of investment and owner occupied property	(1 317)
Property, plant and equipment carrying amount at end of year restated	94 719
<sup>3</sup> Intangibles carrying amount at end of year as previously reported	607
Reversal of goodwill written off against share premium	2 998
Amortisation of goodwill	(150)
Intangibles carrying amount at end of year restated	3 455
<sup>4</sup> Share capital and premium as previously reported	5 125
Reversal of goodwill written off against share premium	2 998
Prior years goodwill written off	65 436
Share capital and premium restated	73 559
<sup>5</sup> Accumulated profits as previously reported	105 468
Prior years goodwill written off	(65 436) <sup>1</sup>
Amortisation of goodwill	(150)
Amortisation of investment and owner occupied property	(245)
Prior years amortisation of investment and owner occupied property	(921) <sup>1</sup>
Reversal of exchange rate adjustment on translation of foreign operation:	
For year end 2002	(1 757)
For year end 2001	(1 445) <sup>1</sup>
Accumulated profits restated	35 514
The difference between the aggregate amount written off accumulated profits of R921 000 and amount written off against property, plant and equipment R1 317 000 amounting to R396 000 pertains to deferred taxation on adjustment.	

#### PROSPECTS

We will continue to focus on export markets. The Group is properly geared to deliver above average returns on shareholders equity and has a strong platform for future growth.

#### DIVIDEND

An interim dividend of 8 cents per share has been declared and is payable on Monday 9 December 2002 to shareholders recorded, in the register at close of business on Friday 6 December 2002, being the record date in order to participate in such dividend. The last day to trade cum dividend is 29 November 2002. The shares will trade ex dividend on Monday 2 December 2002. There will be no dematerialisation/re-materialisation of share certificates between 2 December 2002 and 6 December 2002, both days inclusive.

On behalf of the board  
**T.R. HENDRY CA(SA)**  
Chief Executive Officer

Germiston  
12 November 2002

#### NOTES

1. Basis of Accounting  
The results have been prepared on the historical cost basis and in accordance with South African Statements of GAAP. The accounting policies utilised for purposes of preparing the interim results reflect the updated accounting policies used in the restated audited 31 March 2002 results.