ARGENT
Industrial Limited

Unaudited Interim Condensed Consolidated Results

for the six months ended 30 September 2012

Registration number: 1993/002054/06 (Incorporated in the Republic of South Africa)
("the Group" or "the Company") Share code: ART ISIN code: ZAE000019188

Financial Highlights

Revenue up	1.7%
Headline earnings per share	47.0 cents
Headline earnings per share up	10.3%
Basic earnings per share	46.1 cents
Gearing	14.5%
Net asset value per share	1 449.8 cents
Interim dividend per share	6 cents

www.argent.co.za

The unaudited financial statements are presented on a consolidated basis.

Condensed Consolidated Income Statement

for the period ended	Unaudited six months 30 Sept 2012 R 000	Unaudited six months 30 Sept 2011 R 000	Audited year ended 31 Mar 2012 R 000
Revenue	929 263	913 565	1 797 206
Operating profit before finance costs	66 958	66 170	121 416
Finance income	449	405	952
Finance costs	(15 236)	(18 793)	(36 107)
Profit before taxation	52 171	47 782	86 261
Taxation	9 860	9 104	16 216
Profit for the period	42 311	38 678	70 045
Attributable to non-controlling interest	80	115	272
Attributable to owners of the parent	42 231	38 563	69 773
Basic earnings per share (cents)	46.1	42.1	76.2
Diluted earnings per share (cents)	45.1	40.8	74.5
Headline earnings per share (cents)	47.0	42.6	77.1
Diluted headline earnings per share (cents)	45.9	41.2	75.4
Dividends per share (cents) – interim	6.0	4.0	4.0
Dividends per share (cents) – final	-	-	3.0
Dividends per share (cents) – total	6.0	4.0	7.0
Supplementary information			
Shares in issue (000)			
– at end of period	91 540	91 540	91 540
– weighted average	91 540	91 540	91 540
– diluted weighted average	93 705	94 544	93 705
Cost of sales (R 000)	704 598	708 819	1 349 166
Depreciation and amortisation (R 000)	17 768	18 281	35 630
Calculation of headline earnings (R 000)			
Earnings attributable to ordinary shareholders	42 231	38 563	69 773
Loss on disposal of property, plant and equipment	1 088	595	847
Total tax effects of adjustments	(305)	(167)	-
Headline earnings attributable to ordinary shareholders	43 014	38 991	70 620

Condensed Consolidated Statement of Comprehensive Income

for the period ended	Unaudited six months 30 Sept 2012 R 000	Unaudited six months 30 Sept 2011 R 000	Audited year ended 31 Mar 2012 R 000
Profit for the period	42 311	38 678	70 045
Other comprehensive income for the period, net of tax			
Exchange differences on translating foreign operations	(222)	1 015	926
Realisation of revaluation reserve	-	(8 728)	(8 728)
Reversal of revaluation reserve	(15 715)	(782)	(41 809)
Change in tax rate on revaluation reserve	-	-	(1 593)
Transfer of reserve to retained earnings	-	-	8 728
Total comprehensive income for the period	26 374	30 183	27 569
Attributable to equity holders of the			
– Parent	26 294	30 068	27 297
– Non-controlling interest	80	115	272
	26 374	30 183	27 569

Condensed Consolidated Statement of Financial Position

for the period ended	Unaudited at 30 Sept 2012 R 000	Unaudited at 30 Sept 2011 R 000	Audited at 31 Mar 2012 R 000
ASSETS			
Property, plant and equipment	819 441	873 616	830 764
Intangibles	294 675	296 017	294 679
Long-term loan	12 039	11 125	11 578
Non-current assets	1 126 155	1 180 758	1 137 021
Inventories	462 105	447 537	502 201
Trade and other receivables	379 498	384 667	346 231
Bank balance and cash	314	333	287
Current assets	841 917	832 537	848 719
Total assets	1 968 072	2 013 295	1 985 740
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	451 129	451 129	451 129
Reserves	44 217	115 146	59 278
Retained earnings	831 810	752 833	795 116
Attributable to owners of the parent	1 327 156	1 319 108	1 305 523
Non-controlling interest	9 241	9 004	9 161
Total shareholders' funds	1 336 397	1 328 112	1 314 684
Interest-bearing borrowings	119 649	182 492	144 854
Deferred tax	62 312	62 670	57 685
Non-current liabilities	181 961	245 162	202 539
Trade and other payables	238 963	202 481	257 077
Taxation	1 185	341	193
Bank overdraft	135 924	153 071	129 290
Current portion of interest-bearing borrowings	73 642	84 128	81 957
Current liabilities	449 714	440 021	468 517
Total equity and liabilities	1 968 072	2 013 295	1 985 740
Net asset value per share (cents)	1 449.8	1 441.0	1 426.2

Condensed Consolidated Statement of Cash Flows

for the period ended	Unaudited six months 30 Sept 2012 R 000	Unaudited six months 30 Sept 2011 R 000	Audited year ended 31 Mar 2012 R 000
Cash generated from operations	75 715	55 348	168 442
Finance income	449	405	952
Finance costs	(15 236)	(18 793)	(36 107)
Dividends paid	(5 537)	(2 746)	(6 408)
Normal taxation refunded/(paid)	1 378	(342)	(2 012)
Cash flows from operating activities	56 769	33 872	124 867
Cash flows from investing activities	(27 435)	(8 812)	(36 263)
Cash flows from financing activities	(35 941)	(41 777)	(81 586)
Net (decrease)/increase in cash and cash equivalents	(6 607)	(16 717)	7 018
Cash and cash equivalents at beginning of period	(129 003)	(136 021)	(136 021)
Cash and cash equivalents at end of period	(135 610)	(152 738)	(129 003)

Consolidated Statement of Changes in Equity

for the period ended 30 September 2012

	Share capital	Share premium	Treasury shares	Employee share incentive reserve	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interest	Total shareholders' funds
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Balance at 30 September 2011 – unaudited	4 825	540 818	(94 514)	15 066	108 985	(8 905)	752 833	1 319 108	9 004	1 328 112
Share-based payments	-	-	-	918	-	-	-	918	-	918
Transfer of reserve to retained earnings	-	-	-	(14 077)	-	-	6 007	(8 070)	-	(8 070)
Total comprehensive income for the period	-	-	-	-	(42 620)	(89)	39 938	(2 771)	157	(2 614)
Dividends	-	-	-	-	-	-	(3 859)	(3 859)	-	(3 859)
Less dividend on treasury shares	-	-	-	-	-	-	197	197	-	197
Balance at 31 March 2012	4 825	540 818	(94 514)	1 907	66 365	(8 994)	795 116	1 305 523	9 161	1 314 684
Share-based payments	-	-	-	876	-	-	-	876	-	876
Total comprehensive income for the period	-	-	-	-	(15 715)	(222)	42 231	26 294	80	26 374
Dividends	-	-	-	-	-	-	(5 789)	(5 789)	-	(5 789)
Less dividend on treasury shares	-	-	-	-	-	-	252	252	-	252
Balance at 30 September 2012	4 825	540 818	(94 514)	2 783	50 650	(9 216)	831 810	1 327 156	9 241	1 336 397

Segmental Review

The Group has changed the structure of its internal organisation and has as such restated its prior period figures for 30 September 2011.

	Manufacturing	Steel trading	Steel trading/ retail	Construction	Properties	Consolidated
	R 000	R 000	R 000	R 000	R 000	R 000
BUSINESS SEGMENTS						
for the six months ended 30 September 2012 – unaudited						
Revenue from external sales	540 789	221 047	125 094	41 468	865	929 263
Profit/(loss) before taxation	53 552	(2 842)	(3 262)	68	4 655	52 171
Taxation						9 860
Profit for the period						42 311
for the six months ended 30 September 2011 – unaudited						
Revenue from external sales	490 263	250 359	123 290	48 688	965	913 565
Profit/(loss) before taxation	36 853	14 883	(9 688)	401	5 333	47 782
Taxation						9 104
Profit for the period						38 678
for the year ended 31 March 2012 – audited						
Revenue from external sales	989 454	463 578	245 687	96 657	1 830	1 797 206
Profit/(loss) before taxation	69 485	22 831	(14 350)	2 460	5 835	86 261
Taxation						16 216
Profit for the year						70 045

	South Africa	Rest of the world	Consolidated
	R 000	R 000	R 000
GEOGRAPHICAL SEGMENTS			
for the six months ended 30 September 2012 – unaudited			
Revenue from external sales	900 636	28 627	929 263
Profit before taxation	45 490	6 681	52 171
Taxation			9 860
Profit for the period			42 311
for the six months ended 30 September 2011 – unaudited			
Revenue from external sales	905 078	8 487	913 565
Profit before taxation	45 011	2 771	47 782
Taxation			9 104
Profit for the period			38 678
for the year ended 31 March 2012 – audited			
Revenue from external sales	1 751 975	45 231	1 797 206
Profit before taxation	86 148	113	86 261
Taxation			16 216
Profit for the year			70 045

Financial Overview

Argent Industrial Limited (hereafter referred to as "the Group") produced a better set of results for the six months ended 30 September 2012. The financial results, although an improvement on the same period last year, were badly affected by the August/September strike action in the transport and mining industries. The Group has continued with its cost-cutting exercise which included the closure of Argent Port Elizabeth.

The Group's balance sheet remains strong and appropriately capitalised with gearing down to 14.5%.

Operations Review

The Group's operating profit was affected by country-wide strikes, this time in the mining and transport sectors. This, coupled with the depressed steel trading market, had a negative effect on the results. This was offset by strong performances by the Group's manufacturing companies, which continue to deliver results ahead of the curve.

Steel Trading

The Group's steel trading divisions incorporate Phoenix Steel, Gammid Trading and Specialist Steel Profiles.

Phoenix Steel, which trades and beneficiates mostly carbon steel products, operated in a very depressed and contained market during the period under review. The Group focused on managing stock levels and implementing cost reduction measures which have made the steel operations much easier to manage in terms of working capital and a more focused and aligned strategy.

Gammid Trading, an aluminium and stainless steel trader, experienced another difficult six months with both demand and pricing pressures. Gammid's results are, however, continuously improving as a direct result of global sourcing and entering niche markets with more stringent quality requirements.

Specialist Steel Profiles, traditionally a purely specialist steel importer, has taken over the full buying role of the Group's steel, aluminium and stainless steel requirements, from both local and international sources. The company has strong international ties and now also has the benefit of the Group's local buying power behind it. It is critical that the Group has full access to both international and local markets. By virtue of the stringent quality requirements set by sectors like the motor industry, imports remain key to sustainable supply as traditional local suppliers like Mittal, Columbus and Hulamin battle to remain competitive. The importing of stainless steel and aluminium products remains crucial to the Group as local mills have been forced to narrow their manufactured product ranges to remain profitable.

Steel Trading/Retail

The Group's steel trading/retail division includes the following companies:

- Castor and Ladder KZN
- Gammid Cape
- Gammid George
- Paint and Ladders Klerksdorp
- Phoenix Steel Mpumalanga
- Phoenix Steel Richards Bay

All of the above are essentially distributors for the Group's brands with the exception of Phoenix Steel Mpumalanga and Phoenix Steel Richards Bay which also beneficiate steel. The margins in pure distribution are not very high, however, all the above companies are profitable with the exception of Gammid Cape which has recently been restructured to focus more on the steel, stainless steel and aluminium markets in the Western Cape.

During the course of the period under review, the Group closed the Argent Port Elizabeth branch. The closure resulted in the retrenchment of 71 people at a cost of R1 039 241. The majority of the stock has been re-distributed to other companies in the Group for resale.

Manufacturing

This sector performed extremely well, with good results achieved by all of its divisions with the exception of Barrier Angelucci.

All Lite Steel Products was incorporated into Excalibur Vehicle Accessories in July 2012 and is no longer a separate entity.

Allan Maskew was, with the exception of Hendor Mining Supplies, the hardest hit by the strikes, both from a supply and customer point of view. The company's present order book is in excess of two month's turnover so it is expecting an improved performance over the next six months.

Barrier Angelucci is the only company that did not perform well in this sector. The under-performance was due to the company losing an ATM roll out contract from one of the country's leading banks. Every effort is being made to ensure that the company is in the running for the next tender award from that same bank. In the meantime our market share with all the other major South African banks has increased and the company has a positive outlook for the remainder of the year. The company retrenched 21 staff at a cost of R563 460 during the period.

Cannock Gates & Burbage Iron Craft, the Group's U.K. subsidiaries, produced a very satisfactory set of results for the six month period. The company is now also distributing the Group's automotive parts as well as Jetmaster fire places throughout the United Kingdom.

Castor and Ladder continues to hold its own and is making in-roads into the Fast Moving Consumer Goods market. The company has benefitted from SSP's importing capabilities in that it can now import certain components and products which it was previously unable to do due to volumetric constraints.

Cedar Paint has continued to increase its market share and mature as a business and now supplies product to the majority of the country's leading retailers.

Excalibur Vehicle Accessories and **Sentech Industries**, the Group's automotive component manufacturers, both recorded a profit for the reporting period, a marked improvement on previous poor results in a very difficult sector. Both companies were abnormally affected by the transport sector strikes in that all the Original Equipment Manufacturers were shut at one point or another in September, some for a few weeks at a time.

Hendor Mining Supplies was severely hampered by the platinum and gold mining strikes and was effectively closed for seven weeks of the first six months of this year. The company is still very profitable, however, and the order book is now full and production is back on track.

Jetmaster is benefiting from its past restructuring and is performing to expectations. The company has completed its new slow combustion wood fireplace range which has been approved in the U.K., Australia and New Zealand. Product development will now focus on the ever increasing overseas gas heating market.

Koch's Cut and Supply Steel Centre experienced a rather turbulent few months as the company underwent a complete top management overhaul, which was done to ensure the long-term sustainability of the business. Sales and margin levels are both improving steadily and the company will be back to its traditional profitability levels before the end of the financial year.

New Joules Engineering North America has just experienced its best six month period ever and is currently sitting with a very impressive order book. The company has received an order for the supply of its products into Turkmenistan and there are promising signs that significant business will result from a number of presentations made to the Russian Railing Confederation.

Toolroom Services and **Atomic Office Equipment** continue to perform strongly at excellent turnover levels and strong margins. Order books are currently strong entering what is usually a very busy season.

Tricks Wrought Iron Services continues to perform in excess of all expectations and has managed to not only diversify its business into steel pallets and man hole covers but has also set up factories within the Group in Port Elizabeth, Cape Town and Ga-Rankuwa.

Xpanda Security produced better results for the six months under review than it has in many years. Performance was strong in both the local and export markets and the company has also managed to significantly increase its presence in the country's large retailers through continuous new product development.

Construction

Megamix and Argent Industrial Engineering broke even for the reporting period. Although order levels are higher for the second half of the financial year, the outlook for the construction industry in the Western Cape remains conservative.

Properties

The Group is in the process of selling its property that was formerly occupied by Argent Port Elizabeth and hopes to conclude the sale by the end of November 2012. In light of the repairs that need to be done to the building and the fact that the property is now standing empty, a prudent decision was made to write back the revaluation surplus of R6 803 875.

The Group is still awaiting the proceeds of the former Jetmaster property sale in the sum of R17.3 million. This is expected to be resolved before the end of March 2013.

The Group has purchased a warehouse in Klerksdorp for R6.5 million. The property, which will be utilised by Paint and Ladders Klerksdorp, was transferred on 23 October 2012.

We are in the process of extending a property in Benoni that is owned by the Group in order to accommodate Allan Maskew which will take occupation in March 2013. Allan Maskew currently leases a property. Due to the fit-for-pupose nature of the renovations, the board has taken the decision of writing back the revaluation surplus of R1 930 487 and will re-evaluate the situation once the renovation and extension is complete.

The revaluation surplus of R11 680 528 pertaining to the property currently occupied by Phoenix Steel Gauteng has also been written back. The property is currently surrounded by a number of vacant buildings and the Directors are of the opinion that the write back will leave the Group with a far more accurate valuation at this point in time.

Outlook

Despite still facing many obstacles especially in the steel and automotive industries as well as the volatile labour environment in South Africa, the board is firmly of the belief that the Group's future outlook continues to be very positive and assures shareholders that everything possible is being done to improve overall trading margins and market share.

Basis of Presentation

The condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting, AC 500 and in compliance with the Companies Act of South Africa (No. 71 of 2008) and the Listings Requirements of the JSE Limited. The accounting policies are consistent with those of the previous financial period, except for the adoption of improved, revised or new standards and interpretations. The aggregate effect of these changes in respect of the period ended 30 September 2012 is nil. The condensed financial statements have been prepared under the supervision of the Financial Director, Ms S.J. Cox CA (SA). Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Group's auditors.

These financial statements incorporate the financial statements of the company and all its subsidiaries over which it has operational and financial control.

Subsequent events

No matters which are material to the financial affairs of the group have occurred between the statement of financial position date and the date of this report.

Dividend

An interim gross dividend of 6 cents per share has been declared, subsequent to 30 September 2012 for the six month period ending 30 September 2012.

The following dates will apply to the abovementioned interim dividend:

Last day to trade cum dividend	Friday, 30 November 2012
Trading ex dividend commences	Monday, 3 December 2012
Record date	Friday, 7 December 2012
Dividend payment date	Monday, 10 December 2012

Share certificates may not be dematerialised or re-materialised between Monday, 3 December 2012 and Friday, 7 December 2012, both days inclusive.

In determining the dividends tax (DT) of 15% to withhold in terms of the Income Tax Act (No. 58 of 1962) for those shareholders who are not exempt from the DT, no secondary tax on companies (STC) credits have been utilised. Shareholders who are not exempt from the DT will therefore receive a dividend of 5.1 cents per share net of DT. The Company has 96 490 604 ordinary shares in issue and its income tax reference number is 9096/002/71/3.

The above dates are subject to change. Any changes will be released on SENS. Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited/updated on Monday, 10 December 2012.

On behalf of the board

T.R. Hendry CA (SA) — Umhlanga Rocks
Chief Executive Officer — 7 November 2012

Registered Office: First floor, Ridge 63, 8 Sinembe Crescent, La Lucia Ridge Office Estate, 4019
Tel: +27 (0) 31 791 0061

Auditors: Grant Thornton

Sponsors: PSG Capital (Pty) Ltd

Transfer Secretaries: Link Market Services South Africa (Pty) Ltd, 13th floor, Rennies House, 19 Ameshoff Street, Johannesburg 2001

Company Secretary: Mr Mark du Toit

Directors: M.P. Allen, M.J. Antonic, Ms S.J. Cox (Financial Director), P.A. Day (Independent Non-executive), T.R. Hendry (Chief Executive Officer), Mrs J.A. Etchells (Non-executive), A.F. Litschka, K. Mapasa (Independent Non-executive), T. Scharrighuisen (Non-executive Chairman), G.K. Youngman (Alternate)

Motor Component Manufacturers

ARGENT Industrial Investments

New Joules Engineering North America Inc.

Koch's Cut & Supply Steel Centre

Hendor Mining Supplies

Barrier Angelucci