

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

ABRIDGED UNAUDITED INTERIM CONSOLIDATED RESULTS FOR THE SIX MONTHS  
 ENDED 30 SEPTEMBER 2017

Financial Highlights

Headline earnings per share 31.5 cents  
 Gearing 6.1%  
 Net asset value per share 1 050.7 cents  
 Interim dividend per share 10 cents

The abridged unaudited financial statements are presented on a consolidated basis

Consolidated Statement of Profit or Loss for the period ended	Unaudited six months 30 Sept 2017	Unaudited six months 30 Sept 2016	Audited year ended 31 Mar 2017
	R 000	R 000	R 000
Revenue	940,819	940,122	1,849,127
Operating (loss) / profit before finance costs	(246,068)	60,328	105,985
Finance income	586	582	1,183
Finance costs	(7,245)	(7,549)	(19,678)
(Loss) / profit before taxation	(252,727)	53,361	87,490
Taxation	(10,952)	(14,514)	(24,057)
(Loss) / profit for the period	(263,679)	38,847	63,433
Attributable to equity holders of the			
- Parent	(264,283)	38,224	61,764
- Non-controlling interest	604	623	1,669
	(263,679)	38,847	63,433
Basic (loss) / earnings per share (cents)	(292.3)	42.1	68.0
Diluted (loss) / earnings per share (cents)	(292.3)	42.1	68.0
Headline earnings per share (cents)	31.5	42.5	69.6
Diluted headline earnings per share (cents)	31.5	42.5	69.6
Dividends per share (cents) (1)	11.0	9.0	19.0

1. Final dividend of 11 cents was  
 paid on 31 July 2017

Supplementary information

Shares in issue (000)			
- at end of period	90,240	90,642	90,642
- weighted average	90,424	90,815	90,815
- diluted weighted average	90,424	90,815	90,815
Cost of sales (R 000)	738,102	727,978	1,416,572
Depreciation and amortisation (R 000)	15,049	16,053	32,635

Calculation of headline earnings (R 000)			
(Loss) / earnings attributable to ordinary shareholders	(264,283)	38,224	61,764
Loss on disposal of property, plant and equipment	1,275	491	2,040
Impairment of property, plant and equipment	161,448	-	-
Impairment of intangible assets	130,395	-	-
Total tax effects of adjustments	(357)	(137)	(571)
Headline earnings attributable to ordinary shareholders	28,478	38,578	63,233

Consolidated Statement of other Comprehensive Income or Loss for the period ended	Unaudited six months 30 Sept 2017	Unaudited six months 30 Sept 2016	Audited year ended 31 Mar 2017
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R 000                      R 000                      R 000

(Loss) / profit for the period	(263,679)	38,847	63,433
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Other comprehensive income for the period

Items that may be reclassified subsequently to profit and loss

Exchange differences on translating foreign operations

1,399                      (1,591)                      (7,483)

Total other comprehensive (loss) / income for the period

(262,280)                      37,256                      55,950

Attributable to equity holders of the

- Parent

(262,884)                      36,633                      54,281

- Non-controlling interest

604                      623                      1,669

(262,280)                      37,256                      55,950

Consolidated Statement of Financial Position for the period ended

Unaudited                      Unaudited                      Audited  
At                      At                      at  
30 Sept                      30 Sept                      31 Mar  
2017                      2016                      2017

R 000                      R 000                      R 000

ASSETS

Property, plant and equipment

487,779                      635,858                      631,861

Intangible assets

83,241                      214,891                      213,693

Long term loan

15,181                      16,411                      14,971

Deferred taxation

-                      -                      7,432

Non-current assets

586,201                      867,160                      867,957

Inventories

447,539                      528,860                      488,641

Trade and other receivables

298,962                      309,780                      339,285

Bank balance and cash

61,368                      371                      30,894

Current assets

807,869                      839,011                      858,820

TOTAL ASSETS

1,394,070                      1,706,171                      1,726,777

## EQUITY AND LIABILITIES

## Capital and reserves

Stated capital	446,033	447,872	447,872
Reserves	25,591	29,847	24,177
Retained earnings	476,566	736,183	750,923
Attributable to owners of the parent	948,190	1,213,902	1,222,972
Non-controlling interest	15,784	11,834	15,180
Total shareholders' funds	963,974	1,225,736	1,238,152

Interest-bearing borrowings	27,263	48,807	36,509
Deferred tax	82,914	66,381	83,700
Non-current liabilities	110,177	115,188	120,209

Trade and other payables	204,226	243,319	235,257
Taxation	3,040	3,281	1,673
Bank overdraft	80,648	84,229	99,023
Current portion of interest-bearing borrowings	32,005	34,418	32,463
Current liabilities	319,919	365,247	368,416

TOTAL EQUITY AND LIABILITIES	1,394,070	1,706,171	1,726,777
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Net asset value per share (cents)	1,050.7	1,339.2	1,349.2
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Abridged Consolidated Statement of Cash Flows for the period ended	Unaudited six months 30 Sept 2017	Unaudited six months 30 Sept 2016	Audited year ended 31 Mar 2017
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	R 000	R 000	R 000
Cash generated from operations	113,758	59,819	122,200
Finance income	586	582	1,183
Finance costs	(7,245)	(7,549)	(19,678)
Dividends paid	(10,074)	(8,257)	(17,057)
Normal taxation paid	(3,185)	(5,021)	(6,468)
Cash flows from operating activities	93,840	39,574	80,180
Cash flows from investing activities	(33,448)	(76,444)	(86,479)
Cash flows from financing activities	(11,543)	37,952	23,110
Net increase in cash and cash equivalents	48,849	1,082	16,811
Cash and cash equivalents at beginning of period	(68,129)	(84,940)	(84,940)
Cash and cash equivalents at end of period	(19,280)	(83,858)	(68,129)

Consolidated Statement of Changes in Equity for the period ended 30 September 2017	Stated capital	Treasury shares	Employee share incentive reserve
	R 000	R 000	R 000

Balance at 30 September 2016 - unaudited	540,918	(93,046)	1,079
Non-controlling interest on acquisition of subsidiary	-	-	-
Share-based payments	-	-	222

Total comprehensive income for the period	-	-	-
Dividends	-	-	-
Less dividend on treasury shares	-	-	-
Balance at 31 March 2017	540,918	(93,046)	1,301
Share-based payments	-	-	15
Share buy back	(1,839)	-	-
Total comprehensive loss for the period	-	-	-
Dividends	-	-	-
Less dividend on treasury shares	-	-	-
Balance at 30 September 2017	539,079	(93,046)	1,316

Consolidated Statement of Changes in Equity for the period ended 30 September 2017 (continued)	Revaluation reserve	Foreign currency translation reserve	Retained earnings
	R 000	R 000	R 000
Balance at 30 September 2016 - unaudited	36,323	(7,555)	736,183
Non-controlling interest on acquisition of subsidiary	-	-	-
Share-based payments	-	-	-
Total comprehensive income for the period	-	(5,892)	23,540
Dividends	-	-	(9,533)
Less dividend on treasury shares	-	-	733
Balance at 31 March 2017	36,323	(13,447)	750,923
Share-based payments	-	-	-
Share buy back	-	-	-
Total comprehensive loss for the period	-	1,399	(264,283)
Dividends	-	-	(10,486)
Less dividend on treasury shares	-	-	412
Balance at 30 September 2017	36,323	(12,048)	476,566

Consolidated Statement of Changes in Equity for the period ended 30 September 2017 (continued)	Total attributable to owners of the parent	Non-controlling interest	Total shareholders' funds
	R 000	R 000	R 000
Balance at 30 September 2016 - unaudited	1,213,902	11,834	1,225,736
Non-controlling interest on acquisition of subsidiary	-	2,300	2,300
Share-based payments	222	-	222
Total comprehensive income for the period	17,648	1,046	18,694
Dividends	(9,533)	-	(9,533)
Less dividend on treasury shares	733	-	733
Balance at 31 March 2017	1,222,972	15,180	1,238,152
Share-based payments	15	-	15
Share buy back	(1,839)	-	(1,839)
Total comprehensive loss for the period	(262,884)	604	(262,280)
Dividends	(10,486)	-	(10,486)

Less dividend on treasury shares	412	-	412
Balance at 30 September 2017	948,190	15,784	963,974

Segmental review	Manufacturing	Steel trading	Properties
	R 000	R 000	R 000

Business segments for the six months ended 30 September 2017 - unaudited			
Revenue from external sales	623,543	316,810	466
Loss before taxation	(42,197)	(44,177)	(35,958)
Taxation			
Loss for the period			

Other information			
Loss before taxation per above	(42,197)	(44,177)	(35,958)
Impairment of property, plant, equipment and intangibles	68,050	48,629	44,769
Profit before taxation and impairments	25,853	4,452	8,811
Net assets	659,014	230,409	157,465
Capital expenditure	31,596	2,827	4,618
Depreciation / amortisation	10,718	4,314	17
Finance costs *	(2,616)	3,745	6,116
Finance income	586	-	-

\* As per the group policy, finance costs and finance income derived from primary banking is netted off. The company has net finance income and this is distorting the segment for finance costs.

Segmental review (continued)	Intangible assets	Consolidated
	R 000	R 000

Business segments for the six months ended 30 September 2017 - unaudited		
Revenue from external sales	-	940,819
Loss before taxation	(130,395)	(252,727)
Taxation		(10,952)
Loss for the period		(263,679)

Other information		
Loss before taxation per above	(130,395)	(252,727)
Impairment of property, plant, equipment and intangibles	130,395	291,843
Profit before taxation and impairments	-	39,116

Net assets	1,046,888
Capital expenditure	39,041
Depreciation / amortisation	15,049
Finance costs *	7,245
Finance income	586

Segmental review	Manufacturing	Steel trading	Automotive
	R 000	R 000	R 000
for the six months ended 30 September 2016 - unaudited			
Revenue from external sales	512,549	325,050	56,152
Profit / (loss) before taxation	39,917	11,342	(5,422)
Taxation			
Profit for the period			
Other information			
Net assets	739,944	299,697	47,181
Capital expenditure	15,383	2,796	1,847
Depreciation / amortisation	9,667	3,559	1,719
Finance costs *	(3,288)	4,284	750
Finance income	510	-	72

Segmental review (continued)	Watch list	Properties	Consolidated
	R 000	R 000	R 000
for the six months ended 30 September 2016 - unaudited			
Revenue from external sales	45,820	551	940,122
Profit / (loss) before taxation	(185)	7,709	53,361
Taxation			(14,514)
Profit for the period			38,847
Other information			
Net assets	20,535	184,760	1,292,117
Capital expenditure	4,705	8,973	33,704
Depreciation / amortisation	972	136	16,053
Finance costs *	469	5,334	7,549
Finance income	-	-	582

Segmental review	Manufacturing	Steel trading	Automotive
	R 000	R 000	R 000
for the year ended 31 March 2017 - audited			
Revenue from external sales	1,096,052	636,653	115,308
Profit / (loss) before taxation	59,810	21,794	(6,480)
Taxation			
Profit for the year			
Other information			
Net assets	770,876	308,266	47,094
Capital expenditure	31,218	5,850	3,144
Depreciation / amortisation	21,420	7,613	3,449
Finance costs *	(2,435)	9,237	1,437
Finance income	696	13	474

Segmental review (continued)	Properties	Consolidated	
	R 000	R 000	
for the year ended 31 March 2017 - audited			
Revenue from external sales	1,114	1,849,127	
Profit / (loss) before taxation	12,366	87,490	
Taxation		(24,057)	
Profit for the year		63,433	
Other information			
Net assets	188,184	1,314,420	
Capital expenditure	8,234	48,446	
Depreciation / amortisation	153	32,635	
Finance costs *	11,439	19,678	
Finance income	-	1,183	
Segmental review	South Africa	Rest of the world	Consolidated
	R 000	R 000	R 000
Geographical segments			
for the six months ended			
30 September 2017 - unaudited			
Revenue from external sales	846,247	94,572	940,819
(Loss) / profit before taxation	(274,476)	21,749	(252,727)
Taxation			(10,952)
Loss for the period			(263,679)
Other information			
Net assets	940,585	106,303	1,046,888
Capital expenditure	37,428	1,613	39,041
Depreciation / amortisation	14,066	983	15,049
Finance costs	7,288	(43)	7,245
Finance income	586	-	586
for the six months ended 30			
September 2016 - unaudited			
Revenue from external sales	856,316	83,806	940,122
Profit before taxation	42,462	10,899	53,361
Taxation			(14,514)
Profit for the period			38,847
Other information			
Net assets	1,210,874	81,243	1,292,117
Capital expenditure	31,714	1,990	33,704
Depreciation / amortisation	14,933	1,120	16,053
Finance costs	7,577	(28)	7,549
Finance income	582	-	582
for the year ended 31 March 2017 -			
audited			
Revenue from external sales	1,677,103	172,024	1,849,127
Profit before taxation	59,079	28,411	87,490
Taxation			(24,057)
Profit for the year			63,433

Other information			
Net assets	1,230,039	84,381	1,314,420
Capital expenditure	44,242	4,204	48,446
Depreciation / amortisation	30,166	2,469	32,635
Finance costs	19,732	(54)	19,678
Finance income	1,183	-	1,183

## Financial Overview

Argent Industrial Limited has had a difficult first six months, caused on the whole by a difficult and unpredictable South African economy. Headline earnings as a result, decreased from 42.5 cents a share to 31.5 cents a share.

## Operations Review

### Manufacturing

The groups three overseas companies have been the major contributor to this sector, making a combined R21.7 million before tax.

The group is in the process of downsizing a number of South African operations being Jetmaster, Gammid Cape, Gammid Johannesburg and Toolroom Services ("Toolroom"). Both Gammid Johannesburg and Jetmaster will have to relocate premises. In addition, we are moving Xpanda Security ("Xpanda") Johannesburg into the Toolroom premises (shared facility). This will reduce the Toolroom footprint/ cost centre and allow us to increase our Xpanda presence in Johannesburg and the greater northern regions.

The process has resulted in the retrenchment of 144 staff members at a cost of R3.08 million and we are still to retrench another 100 people at an estimated cost of R2.7 million.

Ongoing strikes and "go slow" labour actions have cost Toolroom an estimated R2.6 million for the financial period under review.

Toolroom currently has 126 people on suspension awaiting the outcome of disciplinary hearings. The labour disruptions in this company will affect production until the December shut down.

### Steel Trading

While not the easiest of business sectors in South Africa, the sector did manage to make a positive contribution of R4.4 million before tax. The group is in the process of downsizing Gammid Cape and Gammid Johannesburg and is in the process of selling its two tube mills and related tooling for an amount of R10 million. The groups stock levels held in this sector have decreased from R249 million as of the 31 March 2017 to its current R216 million.

### Impairments

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

We have impaired four of the Johannesburg properties by an amount of R44.7 million. Three of them due to receiving lower offers/ indicative offers and

Phoenix Steel Gauteng which was revalued along with the balance of the steel sector assets.

As set out above, the closure of Sentech and the downsizing/ relocation of the companies has resulted in an impairment of plant and equipment, including a full valuation of the groups steel trading assets of R116.7 million.

The total impairment amounted to R291.8 million, which will reduce the group yearly depreciation expense by R8.2 million.

#### Properties

The group is in the process of selling its Jetmaster property (Roodepoort, Johannesburg) for an amount of R33.5 million and has attempted unsuccessfully to sell its Xpanda Johannesburg property (Sebenza) via auction. It will be relisted again in January 2018.

In addition, the Cedar Paints Klerksdorp property is under offer/ due diligence, for an amount of R7.5 million.

#### Outlook

The outlook remains positive. The headline earnings for the six months, adjusted for the retrenchments and Toolroom strike would have been 37.7 cents per share as compared to 31.50 cents per share.

The groups overseas operations have performed to expectation and it is the groups intention to purchase an additional operation in the United Kingdom.

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.

#### Basis of Presentation

The abridged unaudited and unreviewed interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), the presentation and disclosure requirements of IAS 34 - Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in compliance with the Companies Act of South Africa (Act No. 71 of 2008) and the Listings Requirements of the JSE Limited. The accounting policies are consistent with those of the previous annual financial statements, 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 is nil. The abridged unaudited and unreviewed interim consolidated financial statements were prepared under the supervision of the Financial Director, Ms SJ 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.

#### Dividend

Subsequent to 30 September 2017, an interim gross dividend of 10 cents per share was approved and declared by the Board of Directors for the six-month period ending 30 September 2017 from income reserves.

The following dates will apply to the abovementioned interim dividend:  
Last day to trade cum dividend: Monday, 19 March 2018  
Trading ex-dividend commences: Tuesday, 20 March 2018  
Record date: Friday, 23 March 2018  
Dividend payment date: Monday, 26 March 2018

Share certificates may not be dematerialised or rematerialised between Tuesday, 20 March 2018, and Friday, 23 March 2018, both days inclusive.

In determining the dividends tax (DT) of 20% to withhold in terms of the Income Tax Act (Act No. 58 of 1962), those shareholders who are not exempt from the DT will therefore receive a dividend of 8.00 cents per share net of DT. The company has 94 922 732 ordinary shares in issue and its income tax reference number is 9096/002/71/3.

Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited/updated on Monday, 26 March 2018.

On behalf of the board

TR Hendry CA (SA) Umhlanga Rocks  
Chief Executive Officer 13 November 2017

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

Auditors: Grant Thornton (A Timol as designated auditor)

Sponsors: PSG Capital (Pty) Ltd  
Second floor, Building 3  
11 Alice Lane  
Sandhurst  
Sandton  
2196

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

Company Secretary: Jaco Dauth

Directors: CD Angus (Independent Non-executive), PA Christofides (Independent Non-executive), Ms SJ Cox (Financial Director), TR Hendry (Chief Executive Officer), AF Litschka, K Mapasa (Independent Non-executive), T Scharrighuisen (Non-executive Chairman)