

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

ABRIDGED UNAUDITED INTERIM CONSOLIDATED RESULTS FOR THE SIX MONTHS
 ENDED 30 SEPTEMBER 2016

Financial Highlights

Revenue Up	10.9%
Headline earnings per share	42.5 cents
Headline earnings per share up	26.8%
Basic earnings per share	42.1 cents
Basic earnings per share up	34.8%
Gearing	6.8%
Net asset value per share	1 339.2 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 2016	Unaudited six months 30 Sept 2015	Audited year ended 31 Mar 2016
	R 000	R 000	R 000
Revenue	940,122	847,610	1,706,923
Operating profit before finance costs	60,328	46,645	91,245
Finance income	582	626	1,494
Finance costs	(7,549)	(10,042)	(17,985)
Profit before taxation	53,361	37,229	74,754
Taxation	(14,514)	(8,465)	(19,017)
Profit for the period	38,847	28,764	55,737
Attributable to equity holders of the			
- Parent	38,224	28,666	55,100
- Non-controlling interest	623	98	637
	38,847	28,764	55,737
Basic earnings per share (cents)	42.1	31.2	60.1
Diluted earnings per share (cents)	42.1	31.2	60.1
Headline earnings per share (cents)	42.5	33.5	62.8
Diluted headline earnings per share (cents)	42.5	33.5	62.8
Dividends per share (cents) (1)	9.0	9.0	18.0

1. Final dividend of 9 cents was paid on 1 August 2016

Supplementary information

Shares in issue (000)

- at end of period	90,642	91,608	91,202
- weighted average	90,815	91,799	91,623
- diluted weighted average	90,815	91,799	91,623

Cost of sales (R 000)	727,978	658,804	1,320,083
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Depreciation and amortisation (R 000)	16,053	15,582	31,476
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Calculation of headline earnings (R 000)

Earnings attributable to ordinary shareholders	38,224	28,666	55,100
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Loss on disposal of property, plant and equipment	491	1,147	1,635
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Impairment of property, plant and equipment	-	1,250	1,250
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Total tax effects of adjustments	(137)	(321)	(458)
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Headline earnings attributable to ordinary shareholders	38,578	30,742	57,527
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Consolidated Statement of Other Comprehensive Income for the period ended	Unaudited six months 30 Sept 2016	Unaudited six months 30 Sept 2015	Audited year ended 31 Mar 2016
	R 000	R 000	R 000

Profit for the period	38,847	28,764	55,737
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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	(1,591)	1,918	2,192

Items that will not be reclassified subsequently to profit and loss

Change in tax rate on revaluation reserve	-	-	(698)
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Total other comprehensive income for the period	37,256	30,682	57,231
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Attributable to equity holders of the

- Parent	36,633	30,584	56,594
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- Non-controlling interest	623	98	637
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	37,256	30,682	57,231
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Consolidated Statement of Financial Position for the period ended	Unaudited at 30 Sept 2016 R 000	Unaudited at 30 Sept 2015 R 000	Audited at 31 Mar 2016 R 000
ASSETS			
Property, plant and equipment	635,858	637,267	621,273
Intangible assets (2)	214,891	172,866	176,298
Long term loan	16,411	15,242	15,931
Deferred taxation	-	-	9,278
Non-current assets	867,160	825,375	822,780
Inventories	528,860	481,148	464,081
Trade and other receivables	309,780	276,565	298,216
Taxation	-	448	-
Bank balance and cash	371	340	351
Current assets	839,011	758,501	762,648
Non-current assets held for sale	-	4,750	-
TOTAL ASSETS	1,706,171	1,588,626	1,585,428
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	447,872	451,717	450,147
Reserves	29,847	31,637	31,289
Retained earnings	736,183	696,513	706,216
Attributable to owners of the parent	1,213,902	1,179,867	1,187,652
Non-controlling interest	11,834	10,672	11,211
Total shareholders' funds	1,225,736	1,190,539	1,198,863
Interest-bearing borrowings	48,807	11,828	23,818
Deferred tax	66,381	52,767	68,067
Non-current liabilities	115,188	64,595	91,885
Trade and other payables	243,319	199,625	188,603
Taxation	3,281	-	1,606
Bank overdraft	84,229	87,279	85,291
Current portion of interest-bearing borrowings	34,418	46,588	19,180
Current liabilities	365,247	333,492	294,680
TOTAL EQUITY AND LIABILITIES	1,706,171	1,588,626	1,585,428
Net asset value per share (cents)	1,339.2	1,288.0	1,302.2

2. The group acquired the entire issued share capital of OSA Door Parts Limited ("OSA") from Ensor Holding PLC for a purchase consideration of GBP 2 500 000 cash on 11 July 2016. The acquisition was to expand the group's manufacturing brand division. The goodwill arising on the acquisition of this business is attributable to the anticipated profitability of this business.

The fair value of assets and liabilities assumed were as follows:

	R 000
Property, plant and equipment	932
Inventory	8,344
Trade and other receivables	15,498
Bank balance and cash	5,813
Trade and other payables	(19,063)
Deferred taxation asset	54
Goodwill/other intangible assets	38,908
Total purchase price and acquisition costs	50,486
Deduct bank balance on acquisition	(5,813)
Cash flow on acquisition net of cash acquired	44,673

Revenue since acquisition date included in consolidated results for period	21,347
Profit after tax (excluding foreign exchange adjustment) since acquisition date included in consolidated results for period	2,112
Group revenue had the business combination been included for the entire period	964,004
Group profit after tax (excluding foreign exchange adjustment) had the business combination been included for the entire period	42,300

Abridged Consolidated Statement of Cash Flows for the period ended	Unaudited six months 30 Sept 2016	Unaudited six months 30 Sept 2015	Audited year ended 31 Mar 2016
	R 000	R 000	R 000
Cash generated from operations	59,819	57,475	102,127
Finance income	582	626	1,494
Finance costs	(7,549)	(10,042)	(17,985)
Dividends paid	(8,257)	-	(16,938)
Normal taxation paid	(5,021)	(2,398)	(5,769)
Cash flows from operating activities	39,574	45,661	62,929
Cash flows from investing activities	(76,444)	24,012	25,732
Cash flows from financing activities	37,952	(21,679)	(38,667)
Net increase in cash and cash equivalents	1,082	47,994	49,994

Cash and cash equivalents at beginning of period	(84,940)	(134,934)	(134,934)
Cash and cash equivalents at end of period	(83,858)	(86,940)	(84,940)

Consolidated Statement of Changes in Equity for the period ended 30 September 2016	Stated capital	Treasury shares	Employee share incentive reserve
	R 000	R 000	R 000
Balance at 30 September 2015 - unaudited	544,763	(93,046)	854
Share-based payments	-	-	283
Share buy back	(1,570)	-	-
Transfer of reserve to retained earnings	-	-	(207)
Total comprehensive income for the period	-	-	-
Dividends	-	-	-
Less dividend on treasury shares	-	-	-
Balance at 31 March 2016	543,193	(93,046)	930
Share-based payments	-	-	149
Share buy back	(2,275)	-	-
Total comprehensive income for the period	-	-	-
Dividends	-	-	-
Less dividend on treasury shares	-	-	-
Balance at 30 September 2016	540,918	(93,046)	1,079

Consolidated Statement of Changes in Equity for the period ended 30 September 2016 (continued)	Revaluation reserve	Foreign currency translation reserve	Retained earnings
	R 000	R 000	R 000
Balance at 30 September 2015 - unaudited	37,021	(6,238)	696,513
Share-based payments	-	-	-
Share buy back	-	-	-
Transfer of reserve to retained earnings	-	-	207
Total comprehensive income for the period	(698)	274	26,434
Dividends	-	-	(17,296)
Less dividend on treasury shares	-	-	358
Balance at 31 March 2016	36,323	(5,964)	706,216
Share-based payments	-	-	-
Share buy back	-	-	-
Total comprehensive income for the period	-	(1,591)	38,224

Dividends	-	-	(8,615)
Less dividend on treasury shares	-	-	358
Balance at 30 September 2016	36,323	(7,555)	736,183

Consolidated Statement of Changes in Equity for the period ended 30 September 2016 (continued)	Total attributable to owners of the parent	Non- controlling interest	Total shareholders' funds
	R 000	R 000	R 000
Balance at 30 September 2015 - unaudited	1,179,867	10,672	1,190,539
Share-based payments	283	-	283
Share buy back	(1,570)	-	(1,570)
Transfer of reserve to retained earnings	-	-	-
Total comprehensive income for the period	26,010	539	26,549
Dividends	(17,296)	-	(17,296)
Less dividend on treasury shares	358	-	358
Balance at 31 March 2016	1,187,652	11,211	1,198,863
Share-based payments	149	-	149
Share buy back	(2,275)	-	(2,275)
Total comprehensive income for the period	36,633	623	37,256
Dividends	(8,615)	-	(8,615)
Less dividend on treasury shares	358	-	358
Balance at 30 September 2016	1,213,902	11,834	1,225,736

Segmental Review

	Manufacturing	Steel trading	Automotive
	R 000	R 000	R 000
Business segments 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

* 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.

for the six months ended

30 September 2015 - unaudited

Revenue from external sales	504,448	269,412	48,579
Profit / (loss) before taxation	51,938	(15,924)	(977)

Taxation

Profit for the period

Other information

Net assets	689,430	279,347	45,877
Capital expenditure	9,637	1,345	3,831
Depreciation / amortisation	9,746	3,508	1,805
Finance costs *	(2,867)	4,800	1,171
Finance income	626	-	-

for the year ended 31 March 2016 -

audited

Revenue from external sales	1,015,193	545,981	94,204
Profit / (loss) before taxation	89,185	(16,097)	(3,454)

Taxation

Profit for the year

Other information

Net assets	685,207	282,268	54,209
Capital expenditure	25,732	3,205	4,555
Depreciation / amortisation	20,377	6,369	3,607
Finance costs *	(1,336)	5,808	2,038
Finance income	1,494	-	-

Segmental Review (continued)

	Watch list	Properties	Consolidated
	R 000	R 000	R 000
Business segments			
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

* 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.

for the six months ended
30 September 2015 - unaudited

Revenue from external sales	24,725	446	847,610
Profit / (loss) before taxation	(2,371)	4,563	37,229
Taxation			(8,465)
Profit for the period			28,764

Other information

Net assets	22,785	205,419	1,242,858
Capital expenditure	275	1,810	16,898
Depreciation / amortisation	523	-	15,582
Finance costs *	219	6,719	10,042
Finance income	-	-	626

for the year ended 31 March 2016 -
audited

Revenue from external sales	50,627	918	1,706,923
Profit / (loss) before taxation	(5,381)	10,501	74,754
Taxation			(19,017)
Profit for the year			55,737

Other information

Net assets	19,772	216,196	1,257,652
Capital expenditure	332	9,375	43,199
Depreciation / amortisation	1,018	105	31,476
Finance costs *	442	11,033	17,985
Finance income	-	-	1,494

South Africa Rest of the Consolidated
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Geographical segments
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 six months ended 30
September 2015 - unaudited

Revenue from external sales	789,655	57,955	847,610
Profit before taxation	16,919	20,310	37,229
Taxation			(8,465)
Profit for the period			28,764

Other information

Net assets	1,177,801	65,057	1,242,858
Capital expenditure	16,231	667	16,898

Depreciation / amortisation	14,288	1,294	15,582
Finance costs	10,028	14	10,042
Finance income	626	-	626

for the year ended 31 March 2016 -
audited

Revenue from external sales	1,604,276	102,647	1,706,923
Profit before taxation	57,544	17,210	74,754
Taxation			(19,017)
Profit for the year			55,737

Other information

Net assets	1,191,614	66,038	1,257,652
Capital expenditure	38,513	4,686	43,199
Depreciation / amortisation	27,292	4,184	31,476
Finance costs	18,033	(48)	17,985
Finance income	1,494	-	1,494

Financial Overview

Argent Industrial Limited has had a successful six months despite a difficult South African economy. The group continues to focus on its brands both locally and internationally.

Operations Review

Manufacturing

The division relative to the South African economy performed well and has been enhanced by the group's acquisition of OSA Door Parts Limited ("OSA"). OSA is a manufacturer and trade supplier of industrial sectional insulated warehouse doors. The business is situated and predominantly operates in the United Kingdom. The group incurred foreign exchange losses of R3.2 million due to the drop in the exchange rate as at 30 September 2016. This is expected to reverse in the next six months.

Steel Trading

All five of the group's steel operations traded positively. The focus is to further decrease the operating costs to improve the return. The group has amalgamated its importing company, Specialist Steel Profiles into Gammid Kzn. This will reduce this sections operating costs by R800 000 a year.

Automotive

The automotive sector was a total disappointment. The loss of R5,4 million was attributable to inconsistent take off's, project start up delays and insufficient margins. To counter this, we have effective 1 October 2016, received increases from our customers totalling R620 000 per month. There is one additional price increase which has not as of yet, been finalised.

In addition to the price increases passed onto the customer, Sentech Industries has also been investigating and implementing cost saving measures and has actively been working on improving the efficiencies of the manufacturing plant and processes.

Watch List

Cedar Paint through a combination of cost cutting and margin enhancing exercises, has managed to almost breakeven. We still have buyers that have expressed interest in the operation however no one has come forward with an offer. We expect Cedar Paint to be profitable over the next six months.

Properties

There are no changes or expected changes in this division.

Outlook

The outlook remains positive. The group will continue to focus on its exports and manufacturing operations whilst limiting its exposure to the steel trading operations and correcting the automotive sector.

The group will continue repurchasing its own shares and have repurchased 567 227 shares in the period under review.

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.

Changes to the Board

Mr Patrick Day resigned as non-executive director of the company with effect from 24 August 2016 and Mr. Panagiotis Christofides replaced him with immediate effect.

Discontinuation of Dividend Payments by Cheque

In terms of the company's Memorandum of Incorporation, the company secretary was given the authority by the board to, where possible, arrange for payment of dividends by means of electronic fund transfers (EFT) only. The company has been experiencing an increase in cheque fraud pertaining to, specifically, dividend cheque payments to certificated shareholders. Fraud negatively impacts the company and all shareholders.

With reference to the above and correspondence to certificated shareholders dated 6 June 2013 and 1 August 2016 regarding the discontinuation of dividend payments by cheque, you are advised that no more payments will be made by cheque.

Dividend

Subsequent to 30 September 2016, 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 2016 from income reserves.

The following dates will apply to the abovementioned interim dividend:

Last day to trade cum dividend:	Monday, 20 March 2017
Trading ex-dividend commences:	Wednesday, 22 March 2017
Record date:	Friday, 24 March 2017
Dividend payment date:	Monday, 27 March 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 March 2017, and Friday, 24 March 2017, both days inclusive.

In determining the dividends tax (DT) of 15% 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 8.50 cents per share net of DT. The company has 95 324 800 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, 27 March 2017.

On behalf of the board

TR Hendry CA (SA) Umhlanga Rocks
Chief Executive Officer 17 November 2016

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Transfer Secretaries: Link Market Services South Africa (Pty) Ltd,
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19 Ameshoff Street
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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)