

ARGENT Industrial Limited

Reg no 1993/002054/06
(Incorporated in the Republic of South Africa) ("The Group" or "The Company")
Share code : ART
ISIN code : ZAE000019188

Unaudited Interim Results for the six months ended 30 September 2004

Financial Highlights

REVENUE UP	14.6%
ATTRIBUTABLE EARNINGS UP	35.8%
ATTRIBUTABLE EARNINGS per share UP	19.5%
HEADLINE EARNINGS UP	35.8%
HEADLINE EARNINGS per share UP	19.4%
GEARING	23.8%

Abridged Consolidated Income Statement

for the six months ended 30 September 2004

	Unaudited six months 30 Sept 2004	Unaudited six months 30 Sept 2003	Audited year ended 31 Mar 2004
R 000			
REVENUE	380,308	331,897	604,639
OPERATING PROFIT before financing costs	59,009	45,353	96,966
FINANCING COSTS	4,535	6,093	15,703
PROFIT before taxation	54,474	39,260	81,263
TAXATION	14,018	8,381	19,926
PROFIT after taxation	40,456	30,879	61,337
EARNINGS ATTRIBUTABLE to outside shareholders		1,098	
EARNINGS ATTRIBUTABLE to ordinary shareholders	40,456	29,781	61,337
Attributable earnings per share (cents)	61.1	51.1	99.1
Headline earnings per share (cents)	62.0	51.9	106.2
Dividends per share (cents)	10.0	9.0	18.0

Supplementary Information

Shares in issue (000)			
- at end of period	67,090	58,308	67,090
- weighted average	66,259	58,242	61,867
Interest received (R 000)	1,254	2,197	8,375
Cost of sales (R 000)	222,840	203,952	359,249
Depreciation & amortisation (R 000)	8,608	6,803	14,292

Calculation of Headline Earnings

	Unaudited six months 30 Sept 2004	Unaudited six months 30 Sept 2003	Audited year ended 31 Mar 2004
R 000			
Earnings attributable to ordinary shareholders	40,456	29,781	61,337
Goodwill amortisation	828	651	1,478
Profit on disposal of property, plant and equipment	(418)	(262)	(395)
Loss on disposal of property, plant and equipment	184	55	997
Discontinued operation			2,288
Headline earnings attributable to ordinary shareholders	41,050	30,225	65,705

Abridged Consolidated Balance Sheet

for the six months ended 30 September 2004

	Unaudited at 30 Sept 2004	Unaudited at 30 Sept 2003	Audited year ended 31 Mar 2004
R 000			
ASSETS			
Non-current assets			
Property, plant and equipment	135,592	100,181	110,642
Investment property	51,737	47,534	48,016
Intangibles	30,541	25,169	31,390
	217,870	172,884	190,048
Current assets			
Inventories	159,026	104,208	96,481
Trade and other receivables	152,569	88,249	134,415
Bank balance and cash	12,653	67	34,720
	324,248	192,524	265,616
TOTAL ASSETS	542,118	365,408	455,664

EQUITY AND LIABILITIES

Capital and reserves			
Share capital and premium	118,003	104,855	117,046
Reserves	24,045	24,045	24,045
Retained earnings	158,650	97,976	124,390
Ordinary shareholders' funds	300,698	226,876	265,481
Minority interest		5,820	
Total shareholders' funds	300,698	232,696	265,481
Non-current liabilities			
Interest-bearing borrowings	46,929	44,412	47,423
Deferred tax	10,627	7,539	10,087
	57,556	51,951	57,510

Current liabilities			
Trade and other payables	148,805	61,836	100,270
Taxation	10,320	4,549	12,532
Bank overdraft		1,277	
Current portion of interest-bearing borrowings	24,739	13,099	19,871
	183,864	80,761	132,673

TOTAL EQUITY AND LIABILITIES	542,118	365,408	455,664
Net asset value per share (cents)	448.2	389.1	395.7

Abridged Consolidated Cash Flow Statement

for the six months ended 30 September 2004

	Unaudited six months 30 Sept 2004	Unaudited six months 30 Sept 2003	Audited year ended 31 Mar 2004
R 000			
Cash generated from operations	33,965	22,714	76,443
Interest paid	(4,535)	(6,093)	(15,703)
Interest received	1,254	2,198	8,375
Dividends paid	(6,196)	(5,142)	(10,635)
Taxation paid	(15,690)	(8,366)	(9,380)
Cash flows from operating activities	8,798	5,311	49,100
Cash flows from investing activities	(36,196)	(19,028)	(49,212)
Cash flows from financing activities	5,331	5,908	28,233
Net (decrease) increase in cash and cash equivalents	(22,067)	(7,809)	28,121
Cash and cash equivalents at beginning of period	34,720	6,599	6,599
Cash and cash equivalents at end of period	12,653	(1,210)	34,720

Statement of Changes in Equity

for the six months ended 30 September 2004

	Share capital	Share premium	Treasury shares	Revaluation reserve	Reserve on subsidiary acquisition	Retained earnings	Total
R 000							
Balance at 30 September 2003 as previously stated	2,915	103,651		836	23,209	97,835	228,446
Consolidation of share incentive trust			(1,711)			141	(1,570)
Balance at 30 September 2003 restated	2,915	103,651	(1,711)	836	23,209	97,976	226,876
Shares issued	439	28,016	(16,679)				11,776
Net treasury movement			415				415
Net profit for the period						31,556	31,556
Dividends						(6,038)	(6,038)
Less treasury shares						896	896
Balance at 31 March 2004	3,354	131,667	(17,975)	836	23,209	124,390	265,481
Net treasury movement			957				957
Net profit for the period						40,456	40,456
Dividends						(6,709)	(6,709)
Less treasury shares						513	513
Balance at 30 September 2004	3,354	131,667	(17,018)	836	23,209	158,650	300,698

Segment Report

for the six months ended 30 September 2004

	Revenue unaudited 6 months ended 30 Sept 2004	Results unaudited 6 months ended 30 Sept 2004	Revenue unaudited 6 months ended 30 Sept 2003	Results unaudited 6 months ended 30 Sept 2003
Business Segments				
R 000				
Steel & Steel Related Products	333,880	48,186	279,959	35,761
Non Steel Related	46,365	5,944	51,874	3,103
Properties	63	344	64	396
Total	380,308	54,474	331,897	39,260

Restatement of comparatives

A recent ruling given by the GAAP Monitoring Panel has provided more clarity regarding the consolidation of share incentive scheme trusts. Consequently the Group has changed its accounting policy in respect of its share incentive scheme trust ("share trust"). The share trust is now consolidated to the extent that the Group issued share capital is under the control of the Group. These shares are shown as treasury shares. The prior period comparatives have been restated as follows:

	As previously stated	Adjustment	Restated
R 000			
Balance Sheet			
Employee share incentive scheme		1,570	(1,570)
Treasury shares			1,711
Retained earnings (opening)	97,835		141
Number of shares			
Shares in issue - weighted (000)	58,308	(66)	58,242
Earnings per share			
Attributable earnings per share (cents)	51.1	0.0	51.1
Headline earnings per share (cents)	51.8	0.1	51.9
Net asset value per share (cents)	391.8	(2.7)	389.1

Movement in share incentive scheme

The movement in the shares in the share incentive scheme trust for the period under review can be summarised as follows:

	30 Sept 2004	30 Sept 2003
000		
Opening balance	1,229	1,400
Purchases	5,148	632
Shares exercised	(1,273)	(803)
Closing balance	5,104	1,229

COMMENTARY

Chief Executive Officer's Review

On behalf of the Board of Directors of Argent Industrial Limited, the unaudited results for the six months ended 30 September 2004 are hereby presented.

Salient Review

- Revenue increased by 14.6% to R380,3 million (2003 - R331,9 million)
- Attributable earnings increased by 35.8% to R40,5 million
- Attributable earnings per share increased by 19.5% to 61.1 cents per share (2003 - 51.1 cents per share)
- Headline earnings increased by 35.8% to R41,0 million (2003 - R30,2 million)
- Headline earnings per share increased by 19.4% to 62,0 cents per share (2003 - 51,9 cents per share)
- Gearing decreased to 23.8% (2003 - 24.7%)

GROUP PERFORMANCE

The Group had an excellent first six months and the trend will continue for the remainder of the financial year.

DIVISIONAL PERFORMANCE

Steel and Steel Related Products

The Group's steel merchants, operating under the Phoenix Steel banner, had an excellent first six months and will further benefit from Ispat Iscor's recent price increases. Phoenix Steel - Gauteng commissioned its second tube mill and will complete its building expansion in November 2004. Phoenix Steel - Natal achieved remarkable results for the first six months, breaking its turnover record month after month on the back of a substantial increase in demand and the Ispat Iscor price increases. Two of the steel companies established by the Group, Phoenix Steel - Mpumalanga and Phoenix Steel - Richards Bay are now consistent contributors to the Group's bottom line.

Hendor Mining, the Group's underground mining scraper supplier, had an impressive first six months. However, it will be adversely affected by Ispat Iscor's October/November increases until interim price increases are secured from its customers. Hendor has managed to increase its market share and can look forward to a more than acceptable financial year.

Bavarian Metal Industries had a satisfactory first six months. Being for the most part an in-house manufacturer, the company has benefited from the upswing in the Group's activities.

Koch's Cut and Supply had a very good first six months and should benefit from the upswing in the steel prices over the next six months.

Giflo Engineering purchased an additional 10 000 square metres of land and now has a footprint of 62 500 square metres of which 29 400 square metres is under cover. During the period under review, Giflo commissioned its two new pipe benders and will commission its electro polishing plant and new laser machine in November 2004. Giflo's local volumes continue to be satisfactory, while its export book is in excess of USD 1 million.

Excalibur Vehicle Accessories had an excellent first six months and this trend will continue through to the end of the current financial year. Excalibur opened branches in both Port Elizabeth and Cape Town and is in the process of opening one near the Gateway shopping centre in Umhlanga Ridge, Kwa-Zulu Natal.

Jetmaster had a fantastic first six months and allied with its product expansion plans, should continue to go from strength to strength. Jetmaster managed to increase its export market in Australia and New Zealand and will concentrate on doing the same in the United Kingdom over the next six months. Jetmaster launched a number of new products both in South Africa and internationally. The Group will benefit from sales of the new product range during the balance of the current financial year.

Non Steel Related

New Joules Engineering North America, the Group's American based company had a satisfactory first six months and is hoping to secure an order for USD 2.4 million in January 2005. New Joules concluded an agreement to purchase a building in Kansas City for USD 570 000. The company plans on moving from its existing leased premises to the purchased one in December 2004.

Megamix and Villiersdorp Quarries continue to take advantage of the current boom in the construction and building sectors and are performing in line with budgetary expectations.

Prospects

The continued increases in local steel prices, strengthening of the gold price, low interest rates leading to additional personal disposal income as well as the boom experienced in the local vehicle market has led to the Group posting a good set of results for the period under review. There is no indication that these trends will not continue over the next six months and the Group will continue to take advantage of this situation. The rand-dollar exchange rates however, continue to place strain on the Group's export margins.

Dividend

A final dividend of 10 cents per share in respect of the year ended 31 March 2004 was paid during the period.

An interim dividend of 11 cents per share has been declared, subsequent to 30 September 2004, payable on Monday 24 January 2005 to shareholders recorded in the register at close of business on Friday 21 January 2005, being the record date in order to participate in such dividend. The last day to trade cum-div is Friday 14 January 2005. The share will trade ex-div on Monday 17 January 2005.

Share certificates may not be dematerialised/rematerialised between Monday 17 January 2005 and Friday 21 January 2005, both days inclusive.

In accordance with Generally Accepted Accounting Practice Statement AC107, the interim dividend of 11 cents per share proposed by the Directors has not been reflected in the interim financial statements.

Accounting Policies

The financial statements for the period under review are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate Accounting Policies which are consistent with those applied in the preparation of the audited financial results for the previous period.

On behalf of the Board

T.R. Hendry CA (SA) Maraisburg
Chief Executive Officer 10 November 2004

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LPC MANHATTAN
JOHANNESBURG SECURITIES EXCHANGE SOUTH AFRICA
REGISTERED SPONSOR

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Directors:
T Scharrighuisen (Non-Executive Chairman), TR Hendry (Chief Executive Officer), Ms SJ Cox (Financial Director), PA Day (Non-Executive), MJ Antonic (New Business Development), PH Lawson, GK Youngman (Alternate), D Smith, MP Allen (Alternate), F Litschka (Non-Executive)

