

### Financial Highlights

Revenue down	→ -8.4%
Headline earnings per share	→ 28.9 cents
Headline earnings per share up	→ 54.7%
Basic earnings per share	→ 25.7 cents
Gearing	→ 9.4%
Net asset value per share	→ 1 269.3 cents
Interim dividend per share	→ 8 cents

The unaudited financial statements are presented on a consolidated basis.

## CONDENSED CONSOLIDATED INCOME STATEMENT

for the period ended	Unaudited six months 30 Sept 2014	Unaudited six months 30 Sept 2013	Audited year ended 31 Mar 2014
	R 000	R 000	R 000
Revenue	937 544	1 023 602	1 880 476
Operating profit before finance costs and restructuring	43 196	29 601	79 303
Restructuring adjustments			(263 460)
Operating profit before finance costs	43 196	29 601	(184 157)
Finance income	557	451	987
Finance costs	(13 310)	(12 708)	(27 246)
Profit before taxation	30 443	17 344	(210 416)
Taxation	(6 697)	(3 815)	17 359
Profit/(loss) for the period	23 746	13 529	(193 057)
Attributable to equity holders of the			
- Parent	23 525	13 129	(193 575)
- Non-controlling interest	221	400	518
	23 746	13 529	(193 057)
Basic earnings/(loss) per share (cents)	25.7	14.3	(211.4)
Diluted earnings/(loss) per share (cents)	25.7	14.3	(211.4)
Headline earnings/(loss) per share (cents)	28.9	18.7	14.6
Diluted headline earnings/(loss) per share (cents)	28.9	18.7	14.6
Dividends per share (cents) <sup>1</sup>	7.0	7.0	14.0
<sup>1</sup> Final dividend of 7 cents was paid on 27 October 2014			
<b>Supplementary information</b>			
Shares in issue (000)			
- at end of period	91 540	91 540	91 540
- weighted average	91 540	91 540	91 561
- diluted weighted average	91 540	91 540	91 561
Cost of sales (R 000)	729 072	823 765	1 464 253
Depreciation and amortisation (R 000)	17 791	18 670	38 388
<b>Calculation of headline earnings (R 000)</b>			
Earnings/(loss) attributable to ordinary shareholders	23 525	13 129	(193 575)
(Profit)/loss on disposal of property, plant and equipment	4 029	303	2 532
Impairment of property, plant and equipment		685	96 413
Impairment of intangible assets		4 500	121 803
Total tax effects of adjustments	(1 128)	(1 537)	(13 770)
Headline earnings attributable to ordinary shareholders	26 426	17 080	13 403

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the period ended	Unaudited six months 30 Sept 2014	Unaudited six months 30 Sept 2013	Audited year ended 31 Mar 2014
	R 000	R 000	R 000
Profit/(loss) for the period	23 746	13 529	(193 057)
<b>Other comprehensive income for the period</b>			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translating foreign operations	398	(225)	(529)
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Revaluation decrease			(6 931)
Tax effect of above transactions			1 334
<b>Total comprehensive income for the period</b>	<b>24 144</b>	<b>13 304</b>	<b>(199 183)</b>
Attributable to equity holders of the			
- Parent	23 923	12 904	(199 701)
- Non-controlling interest	221	400	518
	<b>24 144</b>	<b>13 304</b>	<b>(199 183)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the period ended	Unaudited six months 30 Sept 2014	Unaudited six months 30 Sept 2013	Audited year ended 31 Mar 2014
	R 000	R 000	R 000
<b>ASSETS</b>			
Property, plant and equipment	711 548	839 261	726 018
Intangible assets	172 866	290 170	172 866
Long-term loan	14 034	12 973	13 477
Deferred taxation			13 686
<b>Non-current assets</b>	<b>898 448</b>	<b>1 142 404</b>	<b>926 047</b>
Inventories	466 701	530 790	471 353
Trade and other receivables	353 723	345 931	338 881
Taxation	1 472		
Bank balance and cash	329	251	234
<b>Current assets</b>	<b>822 225</b>	<b>876 972</b>	<b>810 468</b>
Non-current assets held for sale	4 911		8 500
<b>Total assets</b>	<b>1 725 584</b>	<b>2 019 376</b>	<b>1 745 015</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital and premium	451 744	451 366	451 366
Reserves	31 040	38 064	30 626
Retained earnings	679 140	873 354	655 323
Attributable to owners of the parent	1 161 924	1 362 784	1 137 315
Non-controlling interest	9 990	9 651	9 769
<b>Total shareholders' funds</b>	<b>1 171 914</b>	<b>1 372 435</b>	<b>1 147 084</b>
Interest-bearing borrowings	69 932	90 506	93 197
Deferred tax	50 607	70 868	59 598
<b>Non-current liabilities</b>	<b>120 539</b>	<b>161 374</b>	<b>152 795</b>
Trade and other payables	276 572	258 043	236 648
Taxation		393	159
Bank overdraft	115 764	177 194	162 369
Current portion of interest-bearing borrowings	40 795	49 937	45 960
<b>Current liabilities</b>	<b>433 131</b>	<b>485 567</b>	<b>445 136</b>
<b>Total equity and liabilities</b>	<b>1 725 584</b>	<b>2 019 376</b>	<b>1 745 015</b>
Net asset value per share (cents)	1 269.3	1 488.7	1 242.4



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended	Unaudited six months 30 Sept 2014	Unaudited six months 30 Sept 2013	Audited year ended 31 Mar 2014
	R 000	R 000	R 000
Cash generated from operations	94 368	37 530	102 780
Finance income	557	451	987
Finance costs	(13 310)	(12 708)	(27 246)
Dividends paid	292		(13 216)
Normal taxation paid	(3 633)	(3 008)	(5 690)
Cash flows from operating activities	78 274	22 265	57 615
Cash flows from investing activities	(3 522)	(22 849)	(42 105)
Cash flows from financing activities	(28 052)	(33 091)	(34 377)
Net increase/(decrease) in cash and cash equivalents	46 700	(33 675)	(18 867)
Cash and cash equivalents at beginning of period	(162 135)	(143 268)	(143 268)
Cash and cash equivalents at end of period	(115 435)	(176 943)	(162 135)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2014	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
<b>Balance at 30 September 2013 – unaudited</b>	4 825	540 818	(94 277)	2 053	45 045	(9 034)	873 354	1 362 784	9 651	1 372 435
Share-based payments				352				352		352
Transfer of reserve to retained earnings				(1 889)			1 889	0		0
Total comprehensive income for the period					(5 597)	(304)	(206 704)	(212 605)	118	(212 487)
Dividends							(13 508)	(13 508)		(13 508)
Less dividend on treasury shares							292	292		292
<b>Balance at 31 March 2014</b>	4 825	540 818	(94 277)	516	39 448	(9 338)	655 323	1 137 315	9 769	1 147 084
Net treasury movement			378					378		378
Share-based payments				16				16		16
Total comprehensive income for the period						398	23 525	23 923	221	24 144
Less dividend on treasury shares							292	292		292
<b>Balance at 30 September 2014</b>	4 825	540 818	(93 899)	532	39 448	(8 940)	679 140	1 161 924	9 990	1 171 914

## SEGMENTAL REVIEW

	Manufacturing	Steel Trading	Automotive	Watch List	Properties	Restructuring Adjustments	Consolidated
	R 000	R 000	R 000	R 000	R 000	R 000	R 000
<b>BUSINESS SEGMENTS</b>							
<b>for the six months ended</b>							
<b>30 September 2014 – unaudited</b>							
Revenue from external sales	503 009	296 599	101 758	35 412	766		937 544
Profit/(loss) before taxation	26 912	10 889	(9 911)	(1 836)	4 389		30 443
Taxation							(6 697)
Profit for the period							23 746
Other information							
Segment assets	739 935	426 896	157 833	57 257	342 191		1 724 112
Segment liabilities	108 534	139 073	64 632	33 649	157 175		503 063
Capital expenditure	7 039	1 671	1 572	305	3 932		14 519
Depreciation/amortisation	9 402	3 798	4 122	468	1		17 791
Finance costs *	(425)	2 218	913	1 152	9 452		13 310
Finance income	557						557
* 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.							
<b>for the six months ended</b>							
<b>30 September 2013 – unaudited</b>							
Revenue from external sales	521 519	368 435	101 122	31 330	1 196		1 023 602
Profit/(loss) before taxation	33 072	(6 422)	(13 530)	(2 944)	7 168		17 344
Taxation							(3 815)
Profit for the period							13 529
Other information							
Segment assets	878 769	482 100	240 865	46 061	371 581		2 019 376
Segment liabilities	95 238	256 824	24 618	20 212	178 788		575 680
Capital expenditure	19 063	1 490	5 497	57	11 557		37 664
Depreciation/amortisation	8 762	4 176	5 231	480	21		18 670
Finance costs *	(3 165)	6 630	256	371	8 616		12 708
Finance income	451						451
<b>for the year ended</b>							
<b>31 March 2014 – audited</b>							
Revenue from external sales	967 076	657 920	192 255	60 747	2 478		1 880 476
Profit/(loss) before taxation	60 655	(2 451)	(9 391)	(6 078)	10 309	(263 460)	(210 416)
Taxation							17 359
Loss for the period							(193 057)
Other information							
Segment assets	733 929	414 479	163 738	57 810	361 373		1 731 329
Segment liabilities	157 701	124 122	54 039	27 385	175 086		538 333
Capital expenditure	31 815	3 993	9 335	121	17 626		62 890
Depreciation/amortisation	18 484	8 284	10 596	949	75		38 388
Finance costs	2 343	4 967	856	645	18 435		27 246
Finance income	987						987



	South Africa	Rest of the world	Consolidated
	R 000	R 000	R 000
<b>GEOGRAPHICAL SEGMENTS</b>			
<b>for the six months ended 30 September 2014 – unaudited</b>			
Revenue from external sales	892 302	45 242	937 544
Profit before taxation	21 155	9 288	30 443
Taxation			(6 697)
Profit for the period			23 746
Other information			
Segment assets	1 671 309	52 803	1 724 112
Segment liabilities	497 143	5 920	503 063
Capital expenditure	14 145	374	14 519
Depreciation/amortisation	16 433	1 358	17 791
Finance costs	13 289	21	13 310
Finance income	557		557
<b>for the six months ended 30 September 2013 – unaudited</b>			
Revenue from external sales	989 654	33 948	1 023 602
Profit before taxation	10 638	6 706	17 344
Taxation			(3 815)
Profit for the period			13 529
Other information			
Segment assets	1 972 716	46 660	2 019 376
Segment liabilities	567 428	8 252	575 680
Capital expenditure	36 413	1 251	37 664
Depreciation/amortisation	17 500	1 170	18 670
Finance costs	12 698	10	12 708
Finance income	451		451
<b>for the year ended 31 March 2014 – audited</b>			
Revenue from external sales	1 816 887	63 589	1 880 476
(Loss)/profit before taxation	(216 577)	6 161	(210 416)
Taxation			17 359
Loss for the year			(193 057)
Other information			
Segment assets	1 695 188	36 141	1 731 329
Segment liabilities	517 803	20 530	538 333
Capital expenditure	60 854	2 036	62 890
Depreciation/amortisation	35 746	2 642	38 388
Finance costs	27 149	97	27 246
Finance income	987		987

## FINANCIAL OVERVIEW

Argent Industrial Limited has benefited substantially from its restructuring in the 2014 financial year and is on track to meet its stated objectives, namely sustainable earnings and improved shareholder value.

## OPERATIONS REVIEW

### CALCULATION OF NORMALISED EARNINGS

	30 Sept 2014	30 Sept 2013
	R 000	R 000
Profit before taxation as reported	30 443	17 344
Loss on disposal of property, plant and equipment	629	303
Impairment of plant and equipment – Automotive	3 400	
Impairment of property, plant and equipment		685
Specialist Steel Profiles foreign exchange loss		8 300
Barrier Angelucci closure/retranchments		7 500
Excalibur Vehicle Accessories and Sentech Industries discontinued product lines		20 100
Effect of country-wide strikes	22 700	7 200
Provision for settlement of pending litigation	4 400	
Sentech Industries retranchments	1 983	
Normalised Earnings	63 555	61 432

### Manufacturing

This sector performed as planned despite performance being severely hampered by the July strike action, which cost the sector an estimated R15.1 million.

The group planned for the expected strike, building up the required stock levels but was however prevented from dispatching the stock. This resulted in the sector still being stocked to capacity at the end of the strike action which forced it into post-strike short time and resultant under-recoveries. NUMSA prevented all of our operations from opening up during the strike which included preventing salary-earning staff from entering the various premises and included the intimidation of non-union members. The group is on track with its planned staff reductions via its automation and product import plans.

### Steel trading

This sector performed well and performance was in line with expectations. The July strike action cost the sector an estimated R1.5 million in profits.

### Automotive

Despite showing a vast improvement on the previous six months, this sector made a loss of R9.9 million. R6.1 million of the loss can be attributed to the July strike action.

The breakdown of this sector is as follows:

	Sentech Industries	Excalibur Vehicle Accessories	Allan Maskew
	R 000	R 000	R 000
Revenue from external sales	26 783	50 010	24 966
Loss before taxation	(2 633)	(4 963)	(2 315)
Effect of the strike	878	3 815	1 446
Adjusted loss before taxation	(1 755)	(1 148)	(869)
Net assets	25 665	62 408	5 128
Number of employees	173	311	105

### Sentech Industries

The group is in the process of giving notice to the lower margin contracts and is replacing these with a new supply contract from Tenneco. This restructuring, which is in line with our focus on sustainable margin and automation, will reduce the workforce by 81 employees. The cost of these retranchments has been provided for and is reflected in the calculation of normalised earnings.

### Excalibur Vehicle Accessories

The company's new Phillips stove contract comes into effect in January 2015. The monthly turnover is expected to start at R1.3 million, escalating to R2 million monthly. No additional staff is needed for this contract thanks to the group's focus on automation through the existing plan.



## Allan Maskew

The company has continued to move its business away from the lower margin original equipment market and into the high margin end user business.

## WATCH LIST

Cedar Paint remains a concern due to on-going margin pressures. Thanks to the outstanding efforts of the company's management, the loss was reduced from R2.9 million in the corresponding comparative period to R1.8 million.

The company will remain on the watch list while the group continues to search for ways to improve margins or find a suitable solicitor.

## PROPERTIES

The Group has sold the following properties during the reporting period:

- Gammid JHB in Johannesburg for R5 million to a related party;
- Atomic Office Equipment in Cape Town for R16 million which is at due diligence stage and will be subject to a six year lease back agreement;
- Gammid Cape in Cape Town for R29.8 million which is at due diligence stage and will in part be subject to a five year lease back agreement.

The following properties are for sale:

- Phoenix Steel Mpumalanga in Middelburg, which is currently vacant, for R12.5 million;
- Gammid George in George, which is currently vacant, for R6 million.

The Board of Directors has had numerous discussions with various stakeholders regarding the sale and leaseback of the remaining properties. The consensus is that the sale is not in the best interests of the group. The directors will revisit the current proposal and will also look at expanding the property portfolio as a platform for a separate listing.

## SEGMENT REVIEW

	Manufacturing	Steel Trading	Automotive	Watch List	Properties
	R 000	R 000	R 000	R 000	R 000
<b>For the six months ended 30 September 2014</b>					
Revenue from external sales	503 009	296 599	101 758	35 412	766
Profit/(loss) before taxation	26 912	10 889	(9 911)	(1 836)	4 389
Net assets	631 401	287 823	93 201	23 608	185 016
<b>For the six months ended 30 September 2013</b>					
Revenue from external sales	521 519	368 435	101 122	31 330	1 196
Profit/(loss) before taxation	33 072	(6 422)	(13 530)	(2 944)	7 168
Net assets	783 531	225 276	216 247	25 849	192 793

## OUTLOOK

The group's strategic growth plan implemented in conjunction with last year's restructure is on track and has created a solid platform.

We will continue to consolidate our core business around our branded manufacturing companies. Our main focus will continue to be production automation, improving internal effectiveness and growing the market share of our respective brands.

We are not expecting any labour-related action in the medium term as the Industrial sector has signed a three-year wage agreement. A repeat of the R22.7 million cost to the group from the July labour strike action is therefore not expected in the next three years.

Our focus on automation is bearing fruit, as can be seen from increased margins and the reduction of permanent staff from 2 774 to 2 538 people. This excludes the planned staff reduction at Sentech Industries.

The key objective of the Board of Directors is to increase the number of exports and offshore operations to further reduce exposure to South Africa's labour problems and currency fluctuations.

## BASIS OF PRESENTATION

The unaudited interim condensed 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 Accountants 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 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 is nil. The unaudited interim condensed 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.

## SUBSEQUENT EVENTS

The group is currently involved in litigation where the applicant claimed repayment of funds that had already been paid to a party related. Since the outcome of the litigation is still pending, the group has made provision in the amount of R4.4 million against this litigation.

No other 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 8 cents per share has been approved and declared by the Board of Directors subsequent to 30 September 2014 for the six months period ending 30 September 2014 from income reserves.

The following dates will apply to the above-mentioned interim dividend:

Last day to trade cum dividend: Friday, 20 March 2015  
Trading ex-dividend commences: Monday, 23 March 2015  
Record date: Friday, 27 March 2015  
Dividend payment date: Monday, 30 March 2015

Share certificates may not be dematerialised or rematerialised between Monday, 23 March 2015 and Friday, 27 March 2015, 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 6.80 cents per share net of DT. The group has 96 490 604 ordinary shares in issue and its income tax reference number is 9096/002/71/3.

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, 30 March 2015.

### On behalf of the board

TR Hendry CA (SA) Umhlanga Rocks  
Chief Executive Officer 4 December 2014

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

**Auditors:** Grant Thornton (D Nagar as designated auditor)

**Sponsors:** PSG Capital (Pty) Ltd

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

**Company Secretary:** Jaco Dauth

**Directors:** CD Angus (Independent Non-executive), Ms SJ Cox (Financial Director), PA Day (Independent Non-executive), TR Hendry (Chief Executive Officer), Mrs JA Etchells (Independent Non-executive), AF Litschka, K Mapasa (Independent Non-executive) and T Scharrihuisen (Non-executive Chairman)

