

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

AUDITED PROVISIONAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

Financial Highlights

REVENUE	R1,464 billion
OPERATING PROFIT	R49.4 million
NET ASSET VALUE per share change (cents)	1,361.4
GEARING	25.1%
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION "EBITDA"	R87.2 million

The provisional financial statements are presented on a consolidated basis

Income Statement for the year ended 31 March	Actual 2010	Restated 2009
R 000		
Revenue	1,464,494	1,949,368
Operating profit before interest	49,447	189,222
Finance income	24,166	26,893
Finance costs	65,227	76,807
Profit before taxation	8,386	139,308
Taxation	(3,269)	24,874
Profit for the year	11,655	114,434
Attributable to Minority interest	76	901
Attributable to owners of the parent	11,579	113,533
Attributable earnings per share (cents)	12.7	126.4
Headline earnings per share (cents)	14.4	123.0
Dividends per share (cents)	9.0	38.0
Supplementary information		
Shares in issue (000)		
- at end of period	91,350	91,157
- weighted average	91,221	89,845
Cost of sales (R 000)	1,111,726	1,453,231
Depreciation and amortisation (R 000)	37,723	34,435
Calculation of headline earnings (R 000)		
Earnings attributable to ordinary shareholders	11,579	113,533
Profit on disposal of property, plant and equipment	(1,264)	
Impairment of property, plant and equipment	3,194	
Loss on disposal of property, plant and equipment		390
Gain on acquisition of subsidiary		(4,511)
Write-down of intangible assets		1,098
Total tax effects of adjustments	(364)	
Headline earnings attributable to ordinary shareholders	13,145	110,510
Statement of Comprehensive Income for the year ended		
R 000		
Profit for the year	11,655	114,434
Other comprehensive income for the period, net of tax		
Exchange differences on translating foreign operations	(6,060)	(524)
Gains on property revaluation		90,149
Realisation of revaluation of properties	(2,175)	
Income tax relating to components of other comprehensive income		(12,168)
Total comprehensive income for the year	3,420	191,891
Attributable to equity holders of the		
- Parent	3,344	190,990
- Minority interest	76	901
	3,420	191,891

**Statement of Financial Position
for the year ended 31 March****Actual
2010****Restated
2009**

R 000

ASSETS**Non-current assets**

Property, plant and equipment	888,582	822,509
Intangibles	291,042	282,948
Long term loan	9,817	8,898

1,189,441**1,114,355**

Current assets

Inventories	474,230	476,522
Trade and other receivables	296,985	354,799
Taxation	1,730	6,413
Bank balance and cash	277	347

773,222**838,081**

TOTAL ASSETS**1,962,663****1,952,436**

EQUITY AND LIABILITIES**Capital and reserves**

Share capital and premium	451,129	451,113
Reserves	127,946	141,820
Retained earnings	664,521	654,427
Ordinary shareholders' funds	1,243,596	1,247,360
Minority interest	8,605	8,529

Total shareholders' funds**1,252,201****1,255,889**

Non-current liabilities

Interest-bearing borrowings	199,588	266,502
Deferred tax	53,666	58,662

253,254**325,164**

Current liabilities

Trade and other payables	216,056	196,801
Bank overdraft	126,171	64,097
Current portion of interest-bearing borrowings	114,981	110,485

457,208**371,383**

TOTAL EQUITY AND LIABILITIES**1,962,663****1,952,436**

Net asset value per share (cents)

1,361.4**1,368.4**

**Statement of Cash Flows
for the year ended 31 March****Actual
2010****Restated
2009**

R 000

Cash generated from operations	163,428	141,515
Interest paid	(65,227)	(76,807)
Interest received	24,166	26,893
Dividends paid	(8,201)	(34,191)
Taxation refunded(paid)	3,626	(29,634)
Cash flows from operating activities	117,792	27,776
Cash flows from investing activities	(114,811)	(182,011)
Cash flows from financing activities	(65,125)	115,014
Net decrease in cash and cash equivalents	(62,144)	(39,221)
Cash and cash equivalents at beginning of period	(63,750)	(24,529)
Cash and cash equivalents at end of period	(125,894)	(63,750)

Statement of Changes in Equity for the year ended 31 March 2010	Share capital	Share premium	Employee share incentive reserve	Treasury shares	Revaluation reserve	Reserve on translation of foreign operation	Retained earnings	Minority Interest	Total ordinary shareholders' funds
R 000									
Balance at 31 March 2008	4,825	540,818	11,165	(108,307)	48,601	(1,280)	596,464	11,956	1,104,242
As previously stated	4,825	540,818	11,165	(108,307)	48,601	(1,280)	597,411	11,956	1,105,189
Prior year adjustments							(947)		(947)
Net treasury movement				13,777					13,777
Share based payments			5,877						5,877
Buy-back of minority share in subsidiary							(21,379)	(12,940)	(34,319)
Minority interest sold								8,612	8,612
Total comprehensive income for the period					77,971	(524)	113,533	901	191,881
Dividends - current interim and prior final							(36,666)		(36,666)
Less dividend on treasury shares							2,475		2,475
Balance at 31 March 2009	4,825	540,818	17,042	(94,530)	126,572	(1,804)	654,427	8,529	1,255,879
Net treasury movement				16					16
Share based payments			1,087						1,087
Transfer of reserve to Retained earnings			(6,716)				6,716		
Total comprehensive income for the period					(2,175)	(6,060)	11,579	76	3,420
Dividends - prior final							(8,684)		(8,684)
Less dividend on treasury shares							483		483
Balance at 31 March 2010	4,825	540,818	11,413	(94,514)	124,397	(7,864)	664,521	8,605	1,252,201

PRIOR YEAR RESTATEMENT

	Notes	Previously reported R 000	Adjustment Opening balance 1 April 2008 R 000	Adjustment 2009 R 000	Total adjustment R 000	Restated 31 March 2009 R 000
Balance sheet						
<i>Current assets</i>						
Inventory	1	482,515	-811	-5,182	-5,993	476,522
Taxation		6,122		291	291	6,413
Trade and other receivables	2	355,163	-364		-364	354,799
<i>Reserves</i>						
Retained earnings		658,814	-947	-3,440	-4,387	654,427
<i>Non-current liabilities</i>						
Deferred tax		60,341	-228	-1,451	-1,679	58,662
Income statement						
Operating profit before financing costs		194,404		-5,182	-5,182	189,222
Taxation		26,616		-1,742	-1,742	24,874
Attributable to owners of the parent		116,973		-3,440	-3,440	113,533

Notes

- 1 Stock valuation error
- 2 Correction in other receivables
- 3 As the adjustments made are not considered material no disclosure of a third statement of financial position for the beginning of the earliest comparative period has been presented.

Segment Report for the year ended 31 March Business Segments	Revenue actual 2010	Results actual 2010	Revenue restated 2009	Results restated 2009
R 000				
<i>Business</i>				
Steel trading	594,559	16,627	764,607	42,433
Automotive products	132,667	(26,655)	248,102	(4,817)
Manufacture of Home and office products	504,071	14,269	606,251	62,814
Fabricators	117,738	4,581	145,587	18,939
Non-steel related products	115,459	(436)	184,821	19,939
Total	1,464,494	8,386	1,949,368	139,308
<i>Geographical</i>				
South Africa	1,418,350	10,967	1,912,155	135,681
Rest of the World	46,144	-2,581	37,213	3,627
Total	1,464,494	8,386	1,949,368	139,308

Financial Overview

Argent's below par set of results were unavoidable given the global decline in the demand for steel and automotive products. Having seen its turnover fall by a quarter, Argent did well to still show a profit without compromising its geographical footprint and manufacturing capacity.

Steel Trading

The steel trading division had a very difficult financial year but managed to emerge from it a much better operationally efficient entity. In addition, Argent has set up strategic alliances with a number of international mild steel, aluminium and stainless steel suppliers which has reduced the reliance on local mills, especially those ones with mismanaged monopolies.

The Group purchased Specialised Steel Profiles with effect from 1 February 2010 for R6.495 million. The company is a Durban based importer and distributor of cold rolled tubing and other profiles. This acquisition has allowed Argent to improve its internal margins, while it has also enabled us to reassess the products that we produce in our own mills, resulting in the Group importing part of its existing product range and thus allowing our infrastructure to concentrate on manufacturing higher margin products.

Manufacturing of Home and Office products

This division performed well given the economic conditions and most certainly carried Argent through this difficult year.

The Group purchased the assets and liabilities of Barrier Angelucci (Pty) Ltd on 28 April 2009 for R 5.5 million. This business specialises in the upgrading and installation of automated teller machines, safes, associated shop fitting and related security systems used by banks while they also design, manufacture and install industrial roller shutter doors. The Group moved the company into its own premises in June 2009 and it is currently in the process of setting up a country wide service network which once completed will be expanded into Africa.

Cedar Paints will commence its Pretoria capacity upgrade in October this year as well as be improving its Cape Town plant to enable the manufacture of enamel paints.

Fabrication

Both Hendor Mining Supplies and Koch's Cut and Supply Steel Centre enjoyed a satisfactory year with an improving trend which will most certainly continue with Hendor especially reaping the benefits of a much improved mining sector.

Automotive Products

Argent's four automotive products operations came under severe pressure this year. However, given the state of the automotive industry, it is quite pleasing that three of them, namely Excalibur Vehicle Accessories, Sentech Industries and All Lite Steel Products are now running above breakeven levels while Giflo Engineering is only expected to recover to a substantial degree in June 2011 when the new Ford T6 project goes into production.

Non Steel Related Products

The decline in the Western Cape construction industry led to a disappointing set of results being posted by Megamix and Villiersdorp Quarries. The decline has started to turn around and both companies are now running at what can be termed as acceptable levels.

Allan Maskew's expansion into the local rubber screen panel industry has proved to be very successful and as such they will now be introducing their products to the Australian and American markets. The company's traditional business in the mining sector has also started to pick up and the business is thus expected to have a very good year.

New Joules Engineering has become a major player in the North American railroad retarder market and although no new railroad yards are expected to come on line in North America this year, the company has sufficient maintenance contracts in place over existing units in the field to ensure it has a successful year.

Argent's property investment division has continued to increase its holdings with the acquisition of a property for Barrier Angelucci in Sebenza for R 17.3 million and one for Gammid Cape in Epping for R 26.6 million. The Group also sold two smaller properties used by Jetmaster Cape and Gammid Cape to move the operations to the new building purchased in Epping - Cape Town.

Retrenchments

Over the financial year, Argent reduced its total staff from 3,640 to 3,416 which in part was due to the following retrenchments

	No. of staff	Rands
Allan Maskew	16	266,004
BIC	2	93,481
Excalibur	19	148,357
Giflo	208	2,486,669
Sentech	4	80,991

The Group is now correctly staffed and the above costs have been expensed in the current year.

Acknowledgements

My sincere thanks and gratitude to all of Argent's employees for their hard work and dedication throughout a difficult year. The lessons learnt and the operational efficiencies achieved will ensure a successful Argent for many years to come.

Conclusion

The Group is very upbeat about the 2011 financial year and will use its low cost structure, substantial geographic footprint and improved operational efficiencies to benefit from the improved global and local economy.

Dividend

No dividend has been declared.

Total ordinary dividends per share in respect of the financial year to 31 March 2010 therefore amounts to 9 cents (2009 - 38 cents)

Basis of presentation

The condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 - Interim Financial Reporting and in compliance with the Companies Act of South Africa of 1973 and the Listing Requirements of the JSE Limited. The accounting policies are consistent with those of the previous financial period, with the exception of the adoption of the following new and amended standards and interpretations, in response to changes to IFRS.

- IAS 1 - Presentation of Financial statements
- IAS 23 - Borrowing costs
- IFRS 2 - Share Based Payment - Amendment relating to vesting conditions and cancellations
- IFRS 8 - Operating segments

Annual report

The annual report is expected to be posted to shareholders on or about the 29 June 2010.

Audit opinion

The provisional summarised consolidated statement of financial position as at 31 March 2010 and the related provisional summarised consolidated income statement, statement of changes in equity and statement of cash flows for the year then ended have been audited by Grant Thornton. Their unqualified audit report is available for inspection at the registered office of the company.

On behalf of the Board
T.R. Hendry CA (SA)
Chief Executive Officer

Umlhanga Rocks
15 June 2010

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Auditors

Grant Thornton

Sponsors

Investec Bank Ltd

Transfer secretaries:

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Directors:

MP Allen, MJ Antonic, Ms SJ Cox, PA Day (Non-executive),
JA Etchells (Financial Director), TR Hendry (Chief
Executive Officer), PH Lawson (Non-executive), AF
Litschka, K Mapasa (Non-executive), T Scharrighuisen
(Non-executive Chairman), D Smith, GK Youngman
(Alternate)