

ABRIDGED UNAUDITED INTERIM CONSOLIDATED RESULTS

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2019

Financial Highlights

Revenue up → 1.5%
 Headline earnings per share → 50.1 cents
 Gearing → 14.9%
 Net asset value per share → 1 370.9 cents

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

www.argent.co.za

SUMMARISED GROUP FINANCIAL INFORMATION

	Unaudited 6 months ended 30 Sept 2019 R 000	Unaudited 6 months ended 30 Sept 2018 R 000	% change
Income Statement			
Revenue	871,516	858,817	1.5%
EBITDA	86,761	72,969	18.9%
Operating profit	59,822	61,027	(2.0%)
Profit for the period	40,277	43,347	(7.1%)
Statement of Financial Position			
Total assets	1,512,004	1,370,430	10.3%
Total liabilities	455,860	351,397	29.7%
Total shareholders' funds	1,056,144	1,019,033	3.6%
Net asset value per share (cents)	1,370.9	1,197.3	14.5%
Earnings and Dividends Per Share (Cents)			
Basic earnings per share	49.7	49.9	(0.4%)
Headline earnings per share	50.1	50.4	(0.7%)
Dividends per share	0.0	10.0	(100%)

FINANCIAL OVERVIEW

Argent Industrial Limited had a mixed first six months in that its South African operations were all under margin and turnover pressures, and its United Kingdom operations all exceeded expectations.

OPERATIONS REVIEW

Manufacturing

Our overseas operations, Fuel Proof Limited, OSA Door Parts Limited, Cannock Gates Limited and New Joules Engineering North America Inc. performed well.

The South African Companies were all under pressure. Two of these companies being Xpanda Security and Megamix, will have a much

better second six months due to several new and re-engineered products as well as the start of the Wind Farm project.

Tricks Wrought Iron Services is in the process of being downsized and will be relocated into a portion of our Phoenix Steel Natal operations.

Steel Trading

The groups two mild steel operations did very well showing a combined R7.3 million profit before tax. Both Gammid operations are however very much linked into the construction sector and as a result only made a combined R0.504 million profit. Given the sectors outlook, we have decided to close Gammid Jhb. We expect the process to be completed by the end of November and have provided an additional R2 million for the disposal of our potential excess stock.

Properties

The group has one property for sale:

- 15 Vulcan Street, Klerksdorp Industrial, Klerksdorp – vacant.

The following property was sold for R10.5 million and is awaiting transfer:

- 127-131 Terrace Road, Sebenza, Edenvale

Argent Industrial Investments is in the process of raising a R120 million loan against its South African properties. The loan is repayable over a period of 5 years. The proceeds will be used to repay its loan to Argent Industrial Limited and should be in place by 31 December 2019.

SHARE BUY-BACK PROGRAMME

Argent repurchased and cancelled 2 167 464 shares in the period under review and will be aiming to repurchase an additional 15 634 854 shares over the next 4 months.

IFRS 16 LEASES

The group implemented IFRS 16, the revised accounting standard for leases on 1 April 2019.

IFRS 16 requires the lessee to record an asset with a corresponding lease liability. Practically, operating leases and rental cost expenses will be replaced by an interest expense and a depreciation charge.

Profit before tax was reduced by R4.3 million. This accounting adjustment is a non-cash flow item. During the 6 months ended 30 September 2019, the group recognised R13.9 million of depreciation in cost of sales, R6.3 million of interest costs in net interest expense and operating lease reversals of R15.9 million for these leases.

Earnings were negatively impacted by 4 cents per share for the 6 months to 30 September 2019 as a result of the adoption of IFRS 16.

OUTLOOK

The group is on track with its net asset realisation and offshore investment philosophy.

To this end we have a certain number of our South African operations for sale and will be buying back R20 million worth of shares in the short term.

Argent Industrial Limited will be utilising the R120 million loan proceeds mentioned above to increase the share buy-back to the maximum number of shares as per the authority received at our 2019 AGM.

The group will continue to look for acquisitions in both the United Kingdom and America, in line with its current offshore business parameters.

BASIS OF PRESENTATION

The abridged unaudited and unreviewed, consolidated interim 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 results have been prepared in terms of IFRS on the historical cost basis, except for the revaluation of land and buildings and certain financial instruments which are carried at either fair value or amortised cost.

The accounting policies are consistent with those of the previous annual financial statements, except for the adoption of IFRS 16 Leases, which was effective from 1 April 2019. The adoption of improved, revised or new standards and interpretations, besides IFRS 16 Leases, did not have any significant impact on the financial statements.

The abridged unaudited and unreviewed, consolidated interim 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.

GOING CONCERN

Shareholders are advised that the abridged unaudited results for the six-month period ended 30 September 2019 have been prepared on the going concern concept. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

DIVIDEND

No dividends were declared by the Board of Directors for the six-month period ending 30 September 2019. Excess funds will be utilised for the share buy-back programme.

SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and

does not contain the full or complete details. The full announcement was released on SENS on 13 November 2019 and can be found on the company's website on www.argent.co.za. Copies of the full announcement are available for inspection and may also be requested at the company's registered office and sponsor's office, at no charge, during office hours. Any investment decisions should be based on consideration of the full announcement published on SENS and on the company's website.

On behalf of the board

TR Hendry CA (SA) Umhlanga Rocks
 Chief Executive Officer 13 November 2019

Registered Office:

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Auditors:

SNG Grant Thornton (EY Lakhi as designated auditor)

Sponsors:

PSG Capital

Transfer Secretaries:

Link Market Services South Africa

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).

