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 2005

Financial Highlights

REVENUE UP	32.2%
ATTRIBUTABLE EARNINGS UP	24.3%
ATTRIBUTABLE EARNINGS per share UP	18.7%
HEADLINE EARNINGS UP	25.7%
HEADLINE EARNINGS per share UP	20.1%
GEARING	22.5%

Abridged Consolidated Income Statement

for the six months ended 30 September 2005

R 000	Unaudited six months 30 Sept 2005	Unaudited restated six months 30 Sept 2004	Unaudited restated year ended 31 Mar 2005
REVENUE	502 619	380 308	751 858
OPERATING PROFIT before financing costs	75 992	60 402	123 705
FINANCING COSTS	6 522	4 535	10 731
PROFIT before taxation	69 470	55 867	112 974
TAXATION	17 972	14 422	27 784
EARNINGS ATTRIBUTABLE to ordinary shareholders	51 498	41 445	85 190
Attributable earnings per share (cents)	74.3	62.6	127.4
Headline earnings per share (cents)	74.7	62.2	127.3
Dividends per share (cents)	12.0	10.0	21.0
Supplementary Information			
Shares in issue (000)			
- at end of period	72 296	67 090	72 296
- weighted average	69 301	66 259	66 894
Interest received (R 000)	1 669	1 254	2 789
Cost of sales (R 000)	311 919	222 840	440 374
Depreciation & amortisation (R 000)	6 442	6 884	14 919
Net profit on foreign exchange transactions (R 000)	507		1 125
Calculation of Headline Earnings (R 000)			
Earnings attributable to ordinary shareholders	51 498	41 445	85 190
Profit on disposal of property, plant and equipment	(53)	(418)	(461)
Profit on disposal of subsidiary			(147)
Loss on disposal of property, plant and equipment	353	184	579
Headline earnings attributable to ordinary shareholders	51 798	41 211	85 161

Abridged Consolidated Balance Sheet

for the six months ended 30 September 2005

R 000	Unaudited at 30 Sept 2005	Unaudited restated at 30 Sept 2004	Unaudited restated at 31 Mar 2005
ASSETS			
Non-current assets			
Property, plant and equipment	253 639	187 330	207 970
Intangibles	68 224	31 369	31 341
	321 863	218 699	239 311
Current assets			
Inventories	200 934	159 026	199 466
Trade and other receivables	176 696	152 569	165 448
Bank balance and cash	147	12 653	45 191
	377 777	324 248	410 105
TOTAL ASSETS	699 640	542 947	649 416
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	171 644	118 003	170 738
Reserves	23 721	23 481	23 835
Retained earnings	239 851	159 639	196 494
Total shareholders' funds	435 216	301 123	391 067
Non-current liabilities			
Interest-bearing borrowings	66 192	46 929	51 927
Deferred tax	16 525	11 031	14 530
	82 717	57 960	66 457
Current liabilities			
Trade and other payables	136 776	148 805	152 081
Taxation	12 819	10 320	11 906
Bank overdraft	273		
Current portion of interest-bearing borrowings	31 839	24 739	27 905
	181 707	183 864	191 892
TOTAL EQUITY AND LIABILITIES	699 640	542 947	649 416
Net asset value per share (cents)	602.0	448.8	540.9

Abridged Consolidated Cash Flow Statement

for the six months ended 30 September 2005

R 000	Unaudited six months 30 Sept 2005	Unaudited restated six months 30 Sept 2004	Unaudited restated year ended 31 Mar 2005
Cash generated from operations	67 676	33 965	54 556
Interest paid	(6 522)	(4 535)	(10 731)
Interest received	1 669	1 254	2 789
Dividends paid	(8 141)	(6 196)	(13 086)
Taxation paid	(15 627)	(15 690)	(23 967)
Cash flows from operating activities	39 055	8 798	9 561
Cash flows from investing activities	(94 291)	(36 196)	(65 320)
Cash flows from financing activities	9 919	5 331	66 230
Net (decrease) increase in cash and cash equivalents	(45 317)	(22 067)	10 471
Cash and cash equivalents at beginning of period	45 191	34 720	34 720
Cash and cash equivalents at end of period	(126)	12 653	45 191

Statement of Changes in Equity

for the six months ended 30 September 2005

R 000	Share capital	Share premium	Treasury shares	Revaluation reserve	Reserve on subsidiary acquisition	Reserve on translation of foreign operation	Retained earnings
Balance at 30 September 2004	3 354	131 667	(17 018)	836	23 209		158 650
Adjustment on adoption of IFRS						(564)	989
Balance at 30 September 2004 as restated	3 354	131 667	(17 018)	836	23 209	(564)	159 639
Shares issued	261	49 714					
Net treasury movement			2 760				
Net profit for the period							42 620
Dividends							(7 380)
Less treasury shares							490
Balance at 31 March 2005	3 615	181 381	(14 258)	836	23 209	(564)	195 369
Adjustment on adoption of IFRS						354	1 125
Balance at 31 March 2005 as restated	3 615	181 381	(14 258)	836	23 209	(210)	196 494
Net treasury movement			906				
Foreign currency translation adjustment						(114)	
Net profit for the period							51 498
Dividends							(8 676)
Less treasury shares							535
Balance at 30 September 2005	3 615	181 381	(13 352)	836	23 209	(324)	239 851

Adjustment to equity on adoption of IFRS for 6 months ended 30 September 2004	Reserve on translation of foreign operation	Retained earnings
IFRS 3 Business combinations and IAS 36 Impairment of assets		
- Reversal of goodwill previously amortised		828
IAS 16 Property, plant and equipment		
- Depreciation adjustment due to changes in useful life and residual values		(15)
IAS 21 Effect of changes in foreign exchange rates		
- Change in functional currency	(564)	580
	(564)	1 393
- Deferred tax effect of IFRS adjustments		(404)
Adjustment to equity on adoption of IFRS for 6 months ended 30 September 2004	(564)	989

Adjustment to equity on adoption of IFRS for 6 months ended 31 March 2005	Reserve on translation of foreign operation	Retained earnings
IFRS 3 Business combinations and IAS 36 Impairment of assets		
- Reversal of goodwill previously amortised		827
IAS 16 Property, plant and equipment		
- Depreciation adjustment due to changes in useful life and residual values		1 237
IAS 21 Effect of changes in foreign exchange rates		
- Change in functional currency	354	(480)
	354	1 584
- Deferred tax effect of IFRS adjustments		(459)
Adjustment to equity on adoption of IFRS for 6 months ended 31 March 2005	354	1 125

Adjustment to equity on adoption of IFRS as at 31 March 2005	Reserve on translation of foreign operation	Retained earnings
IFRS 3 Business combinations and IAS 36 Impairment of assets		
- Reversal of goodwill previously amortised		1 655
IAS 16 Property, plant and equipment		
- Depreciation adjustment due to changes in useful life and residual values		1 222
IAS 21 Effect of changes in foreign exchange rates		
- Change in functional currency	(210)	100
	(210)	2 977
- Deferred tax effect of IFRS adjustments		(863)
Adjustment to equity on adoption of IFRS as at 31 March 2005	(210)	2 114

Segment Report

for the six months ended 30 September 2005

Business Segments R000	Revenue unaudited 6 months ended 30 Sept 2005	Results unaudited 6 months ended 30 Sept 2005	Revenue unaudited 6 months ended 30 Sept 2004	Results unaudited 6 months ended 30 Sept 2004
Steel & Steel Related Products	451 273	59 610	333 880	49 505
Non Steel Related	51 346	9 398	46 365	6 018
Properties		462	63	344
Total	502 619	69 470	380 308	55 867

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 2005 are hereby presented.

Salient Review

- Revenue increased by 32,2% to R 502,6 million (2004 - R380,3 million)
- Attributable earnings increased by 24,3% to R51,5 million
- Attributable earnings per share increased by 18,7% to 74,3 cents per share (2004 - 62,6 cents per share)
- Headline earnings increased by 25,7% to R51,8 million (2004 - R41,2 million)
- Headline earnings per share increased by 20,1% to 74,7 cents per share (2004 - 62,2 cents per share)
- Gearing decreased to 22.5% (2004 - 23,8%)

GROUP PERFORMANCE

The Group had an excellent first six months which met expectations and there is every reason to believe that this will continue for the rest of the financial year.

DIVISIONAL PERFORMANCE

Steel and Steel Related Products

The Group's steel merchants, operating under the **Phoenix Steel** banner, have been adversely affected by the decrease in steel prices and on the whole contributed 11% less than the previous financial year to the Group's attributable earnings.

Phoenix Steel - Gauteng had a difficult six months but will be in a position to materially increase turnover when it commissions its new Otto tube mill in January 2006. The new mill will also give Phoenix the ability to supply Xpanda Security with all its tubing requirements.

Phoenix Steel - Natal had a more than acceptable first six months and has benefited from the supply to Xpanda Security of its steel requirements, other than cold-rolled and galvanised tubing. This business is continuing to excel and record turnover levels were achieved during October 2005.

Phoenix Steel - Mpumalanga had an excellent six months and has increased its capacity and ability to supply better quality products by installing a new high definition plasma machine. Apart from Jetmaster products which it already distributes in its province, it is now actively involved in the sale of Xpanda products to both the final consumer as well as to distributors in Mpumalanga.

Phoenix Steel - Richards Bay is a now a well established company in its area. The first six months have been well above expectations. The company is in the process of commissioning its first high definition plasma unit which will be fully operational by the end of November 2005. This will be the first such unit in northern Kwa Zulu Natal.

Phoenix Steel - Port Elizabeth has taken occupation of its new building and will aim to double its volumes by April 2006. The company will take delivery of its first high definition plasma cutting machine in December 2005.

Phoenix Steel - East London had a difficult period under review and has been adversely affected by the decrease in steel prices and depressed steel consumption in the area. The company is concentrating more on the supply of Excalibur and Xpanda products in its area which will widen the scope of the company and ensure that it performs solidly during the rest of the financial year.

Hendor Mining Supplies contribution for the period has been more than satisfactory and it is expected to have an even better second half of the financial year. The mining scraper market is generally still under margin pressure, but volumes have improved of late due to the slight weakening of the Rand and the much-improved Dollar gold price. Most importantly, the company continues to be very competitive from both a price and quality perspective and this has led to an increase in market share. All applicable mining houses should be clients by June 2006.

Ironcraft, previously a division of Xpanda Security, has been incorporated into the **Bavarian Metal Industries** operation, which in future will trade under the Xpanda "banner" as Xpanda Steel Works. Bavarian Metal Industries has always been a steel fabricator and it made economical sense to amalgamate the two operations. The company's contribution for the first six months has been satisfactory and this is expected to improve in the short term, especially with an increase in focus on roller shutter doors.

Koch's Cut and Supply Steel Centre had to reduce its average margin to fall in line with its competitors due to the steel price decreases. Given that Koch's broke its twenty-six year turnover record in October 2005 and the indication that volumes show signs of stabilising at a higher level than recently, the company should improve its earnings levels during the balance of the financial year.

Giflo Engineering has benefited from the growth in the local automotive industry. Along with a continued increase in export volumes, it achieved admirable results for the period under review. Giflo managed to beat its all time turnover record in October 2005 and will do so again in November 2005.

Excalibur Vehicle Accessories continues to perform exceptionally well and beyond all projections. Moreover, there is no reason to expect this trend to change. The company has launched its after-market stainless steel automotive accessories range, and has commissioned its three plastic injection moulding machines.

Despite an almost non-existent winter on the Highveld, **Jetmaster** performed exceptionally during the first six months and will continue to grow in line with the current trend. The Group is currently building its own Jetmaster outlet in Umhlanga Rocks in Durban while Jetmaster's current warehousing facility in Johannesburg is being increased by an additional 1300 square metres.

Xpanda Security has now completed its first six months under Argent ownership. Although the Group initially underestimated the logistical implications of absorbing Xpanda into Argent, important lessons have been learnt and the vast majority of the changes required have now been implemented and successfully so. Xpanda's turnover levels are consistently up from those ever experienced before and September 2005 was the company's most successful month ever. Xpanda has benefited from the Argent infrastructure countrywide and it is fair to say that these benefits will continue to flow as the Group continues to optimise this network. The D.I.Y. security market continues to show signs of strength and Xpanda has thus benefited. The company's roller shutter door division has never experienced the current level of orders while the company's share of the trellis door and specialised domestic security barrier market continues to grow, albeit slowly. Many opportunities, both locally and overseas, still exist for Xpanda and along with the vast cost-savings that are being exploited by the Group in terms of steel purchasing and other input costs, will ensure that Xpanda will fulfil its potential in all respects.

Non Steel Related

New Joules Engineering North America, in contrast to the 2005 financial period, achieved outstanding results for first six months of the 2006 financial year. In addition, current turnover levels are assured for the next fourteen months. New Joules has substantially increased its client base and will further benefit from this diversification in the way of turnover due to required on-going maintenance on the railway retarders supplied .

Megamix and Villiersdorp enjoyed a very successful first half of the 2006 financial year and has a full order book which will ensure that the second half of the year runs at the same turnover and earnings levels. Megamix has purchased land in Killarney Gardens, Cape Town on which it will commission its fourth batch plant. This batch plant will be fully operational by April 2006.

Prospects

The successful first half of the 2006 financial year experienced by the Group is expected to continue through the balance of the year. There are no indicators, economic or otherwise, to suggest that this will not be the case. The Group is confident that it will maintain an overall growth in headline earnings per share of around 20% for the full financial year.

Dividend

A final dividend of 12 cents per share in respect of the year ended 31 March 2005 was paid during the period.
An interim dividend of 13 cents per share has been declared, subsequent to 30 September 2005, payable on Monday 23 January 2006 to shareholders recorded in the register at close of business on Friday 20 January 2006, being the record date in order to participate in such dividend. The last day to trade cum-div is Friday 13 January 2006. The share will trade ex-div on Monday 16 January 2006.
Share certificates may not be dematerialised/rematerialised between Monday 16 January 2006 and Friday 20 January 2006, both days inclusive.

Accounting Policies and Presentation

International Financial Reporting Standards (IFRS) were adopted with effect 1 January 2005. The financial statements for the period under review incorporate Accounting Policies which are consistent with those applied in the preparation of the audited financial results for the previous period except for changes as a result of the adoption of IFRS. These changes are set out in the Statement of Changes in Equity. Comparative figures have been restated where applicable as required by IFRS and are reflected as "unaudited" as the adjustments have not been audited by the Company's external auditors.

IFRS Adjustments

The basis of adjustments, net of the taxation effect, as shown in the reconciliation of equity and the income statement are as follows:

IAS 36/IFRS 3 - Goodwill

Following the adoption of IAS 36/IFRS 3 – Business combinations goodwill is not amortised but is subject to annual impairment reviews. The 2005 goodwill amortisation previously recognised in the income statement has been reversed.

IAS 16 - Property, Plant and Equipment

Following the adoption of IAS 16 – Property, Plant and Equipment the useful lives of property, plant and equipment have been re-assessed resulting in an increase in retained income with a corresponding increase in property, plant and equipment.

IAS 21 - Foreign Operation

Following the adoption of IAS 21 – Foreign Operation monetary assets and liabilities designated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Differences arising on monetary assets and liabilities are taken to equity as reserves on translation of foreign operation and not recognised in the income statement.

On behalf of the Board

T.R. Hendry CA (SA) — Maraisburg, Roodepoort
Chief Executive Officer — 10 November 2005

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TR Hendry (Chief Executive Officer),
Ms SJ Cox (Financial Director), PA Day (Non-Executive),
MJ Antonic, PH Lawson, GK Youngman (Alternate),
D Smith, MP Allen, F Litschka

Company Secretary:
Nesta Glover

Jetmaster · Xpanda Real Security · Life 'n Leisure Centre · EXCALIBUR Vehicle Accessories · Giflo Engineering · New Joules Engineering North America Inc. · Argent Industrial Investments · BMI Bavarian Metal Industries · megamix · Villiersdorp Quarries · Hendor Mining Supplies · Argent Steel - Group · NWN Automotive Precision Engineering · Koch's Cut & Supply Steel Centre