

Argent Industrial Limited

(Incorporated in the Republic of South Africa)

Registration number 1993/002054/06

Share code : ART ISIN code : ZAE000019188

("Argent" or "the company" or "the group")

UNAUDITED AND UNREVIEWED INTERIM CONSOLIDATED RESULTS AND DIVIDEND DECLARATION FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2023

Financial Highlights

Revenue up	8.6%
Headline earnings per share	222.7 cents
Headline earnings per share up	22.9%
Basic earnings per share	224.2 cents
Basic earnings per share up	22.7%
Gearing	7.5%
Net asset value per share	2,879.2 cents
Interim dividend per share	55 cents

The unaudited financial statements are presented on a consolidated basis.

Consolidated Statement of Profit or Loss for the period ended	Unaudited	Unaudited	Audited
	6 months 30 Sep 2023	6 months 30 Sep 2022	year ended 31 Mar 2023
	R 000	R 000	R 000
Revenue	1,307,477	1,203,401	2,459,359
Cost of sales	(942,418)	(894,778)	(1,813,066)
Gross profit	365,059	308,623	646,293
Other operating income	1,090	1,907	18,213
Other operating expenses	(193,609)	(167,631)	(360,148)
Operating profit before finance income and expense	172,540	142,899	304,358
Finance income	5,986	673	2,869
Finance expense	(6,828)	(6,991)	(14,466)
Profit before taxation	171,698	136,581	292,761
Taxation	(42,095)	(32,963)	(56,496)
Profit for the period	129,603	103,618	236,265
Attributable to owners of the			
- Parent	124,571	101,747	230,521
- Non-controlling interest	5,032	1,871	5,744
	129,603	103,618	236,265
Basic earnings per share (cents)	224.2	182.7	413.1
Diluted earnings per share (cents)	224.2	182.7	411.3
Headline earnings per share (cents)	222.7	181.2	411.3
Diluted headline earnings per share (cents)	222.7	181.2	409.5
Dividends per share (cents)	55.0	45.0	87.0

Supplementary information

Shares in issue (000)			
- at end of period excluding treasury shares	55,420	55,298	55,633
- at end of period including treasury shares	55,420	56,145	56,056
- weighted average	55,571	55,684	55,801
- diluted weighted average	55,571	55,684	56,051
Interest expense on lease liabilities (R 000)	1,752	2,482	4,997
Amortisation of intangibles (R 000)	202	179	369
Depreciation of right-of-use assets (R 000)	7,814	9,810	19,847
Depreciation of property, plant and equipment (R 000)	18,509	17,156	35,469

Reconciliation between earnings and headline earnings	Unaudited 6 months		Unaudited 6 months		Audited year ended	
	30 Sep 2023		30 Sep 2022		31 Mar 2023	
	Gross	Net	Gross	Net	Gross	Net
	R 000	R 000	R 000	R 000	R 000	R 000
Earnings attributable to ordinary shareholders		124,571		101,747		230,521
Adjusted for:						
(Profit)/loss on disposal of property, plant and equipment	(1,090)	(796)	(1,125)	(821)	(1,357)	(991)
Headline earnings attributable to ordinary shareholders	(1,090)	123,775	(1,125)	100,926	(1,357)	229,530

Consolidated Statement of Other Comprehensive Income or Loss for the period ended	Unaudited 6 months 30 Sep 2023	Unaudited 6 months 30 Sep 2022	Audited year ended 31 Mar 2023
	R 000	R 000	R 000
Profit for the period	129,603	103,618	236,265
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations	15,266	21,832	63,380
Items that will not be reclassified subsequently to profit and loss			
Revaluation of land and buildings	(2,188)	-	(1,393)
Tax effect of above transactions	591	-	182
Transfer of reserve to retained earnings	1,223	-	-
Total other comprehensive income for the period	144,495	125,450	298,434
Attributable to owners of the			
- Parent	139,463	123,579	292,690
- Non-controlling interest	5,032	1,871	5,744
	144,495	125,450	298,434

Consolidated Statement of Financial Position for the period ended	Unaudited at 30 Sep 2023	Unaudited at 30 Sep 2022	Audited at 31 Mar 2023
	R 000	R 000	R 000
ASSETS			
Property, plant and equipment	451,482	462,554	481,362
Intangible assets	3,132	3,371	3,143
Goodwill	274,710	248,459	274,710
Right-of-use assets	30,609	46,225	37,685
Long-term receivables	5,656	5,363	5,446
Deferred taxation	-	-	2,221
Non-current assets	765,589	765,972	804,567
Inventories	694,859	605,611	647,859
Trade and other receivables	423,103	366,682	451,318
Current portion of long-term receivables	131	772	523
Bank balance and cash	364,977	183,808	255,322
Current assets	1,483,070	1,156,873	1,355,022
Non-current assets held for sale	43,173	17,000	-
TOTAL ASSETS	2,291,832	1,939,845	2,159,589
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital and treasury shares	292,509	227,292	227,981
Reserves	72,315	19,279	59,754
Retained earnings	1,230,811	1,101,595	1,205,220
Attributable to owners of the parent	1,595,635	1,348,166	1,492,955
Non-controlling interest	24,799	17,058	20,038
Total shareholders' funds	1,620,434	1,365,224	1,512,993
Interest-bearing borrowings	49,196	69,143	66,224
Lease liabilities	27,318	34,750	29,470
Other liabilities	1,405	-	882
Deferred tax	66,112	61,684	59,775
Non-current liabilities	144,031	165,577	156,351
Trade and other payables	404,656	305,412	418,040
Bank overdraft	36,157	26,879	-
Current portion of interest-bearing borrowings	33,214	32,665	28,546
Current portion of lease liabilities	12,419	22,158	18,404
Taxation	40,921	21,930	25,255
Current liabilities	527,367	409,044	490,245
TOTAL EQUITY AND LIABILITIES	2,291,832	1,939,845	2,159,589
Net asset value per share (cents)	2,879.2	2,438.0	2,683.6

Consolidated Statement of Changes in Equity for the period ended 30 September 2023	Stated capital	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
Balance at 1 April 2022	317,845	(76,529)	830	9,665	(13,188)	1,023,587	1,262,210	15,187	1,277,397
Share-based payments	-	1,957	278	-	-	-	2,235	-	2,235
Share buyback	(15,292)	-	-	-	-	-	(15,292)	-	(15,292)
Other comprehensive income	-	-	-	(1,211)	-	-	(1,211)	-	(1,211)
Profit for the year	-	-	-	-	63,380	230,521	293,901	5,744	299,645
Non-controlling interest - Dividend	-	-	-	-	-	(53)	(53)	(946)	(946)
Non-controlling interest - deconsolidation	-	-	-	-	-	(49,272)	(49,272)	53	(49,272)
Dividends	-	-	-	-	-	437	437	-	437
Less dividend on treasury shares	-	-	-	-	-	-	-	-	-
Balance at 31 March 2023	302,553	(74,572)	1,108	8,454	50,192	1,205,220	1,492,955	20,038	1,512,993
Share-based payments	-	1,957	115	-	-	-	2,072	-	2,072
Share buyback	(10,044)	-	-	-	-	-	(10,044)	-	(10,044)
Other comprehensive income for the year	-	-	(1,223)	(1,597)	-	1,223	(1,597)	-	(1,597)
Treasury Shares - deconsolidation	-	72,615	-	-	-	(72,615)	-	-	-
Profit for the period	-	-	-	-	15,266	124,571	139,837	5,032	144,869
Non-controlling interest - deconsolidation	-	-	-	-	-	271	271	(271)	-
Dividends	-	-	-	-	-	(28,028)	(28,028)	-	(28,028)
Less dividend on treasury shares	-	-	-	-	-	169	169	-	169
Balance at 30 September 2023	292,509	-	-	6,857	65,458	1,230,811	1,595,635	24,799	1,620,434

Consolidated Statement of Cash Flows for the period ended	Unaudited 6 months 30 Sep 2023	Unaudited 6 months 30 Sep 2022	Audited year ended 31 Mar 2023
	R 000	R 000	R 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	165,411	81,385	267,064
Finance income	5,986	673	2,869
Finance expense	(6,828)	(6,991)	(14,466)
Dividends paid	(27,859)	(23,739)	(48,835)
Normal taxation paid	(18,503)	(19,146)	(43,092)
Net cash inflows / (outflows) from operating activities	118,207	32,182	163,540
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(32,008)	(21,487)	(58,762)
Proceeds on disposal of property, plant and equipment	4,752	6,375	14,081
Share-based payments	1,957	-	1,957
Long-term receivables repaid	182	150	316
Net cash outflows from investing activities	(25,117)	(14,962)	(42,408)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buy-back	(10,044)	(14,024)	(15,292)
Repayment of lease liabilities	(8,921)	(10,508)	(21,233)
Proceeds from interest-bearing borrowings	2,737	918	13,029
Repayment of interest-bearing borrowings	(15,097)	(16,999)	(35,921)
Net cash (outflow) / inflow from financing activities	(31,325)	(40,613)	(59,417)
Net (decrease) / increase in cash and cash equivalents	61,765	(23,393)	61,715
Cash and cash equivalents at beginning of period	255,322	168,223	168,223
Exchange differences on cash and cash equivalents	11,733	12,099	25,384
Cash and cash equivalents at end of period	328,820	156,929	255,322

Segmental Review

	Manufacturing	Steel trading	Properties	Consolidated
	R 000	R 000	R 000	R 000
Business segments				
for the 6 months ended 30 September 2023 - unaudited				
Revenue from external sales	1,050,741	256,736	-	1,307,477
Inter-segment sales	62,027	57,164	14,510	
Total revenue	1,112,768	313,900	14,510	
Profit before taxation	153,529	11,845	6,324	171,698
Taxation				(42,095)
Profit for the period				129,603
Other information				
Net assets	1,219,378	270,919	130,137	1,620,434
Capital expenditure	29,895	66	2,047	32,008
Depreciation / amortisation	17,672	1,039	-	18,711
Depreciation on right-of-use assets	2,645	5,169	-	7,814
Interest paid on lease liabilities	51	1,701	-	1,752
Finance income *	6,606	(579)	(41)	5,986
Finance expense excluding lease liabilities	1,152	42	3,882	5,076

* As per the group policy, finance expense and finance income derived from primary banking is netted off.

	Manufacturing	Steel trading	Properties	Consolidated
	R 000	R 000	R 000	R 000
for the 6 months ended 30 September 2022 - unaudited				
Revenue from external sales	821,939	380,862	600	1,203,401
Inter-segment sales	107,511	97,650	13,644	
Total revenue	929,450	478,512	14,244	
Profit before taxation	102,282	28,475	5,824	136,581
Taxation				(32,963)
Profit for the period				103,618
Other information				
Net assets	984,961	262,798	117,465	1,365,224
Capital expenditure	20,142	34	1,311	21,487
Depreciation / amortisation	16,236	1,099	-	17,335
Depreciation on right-of-use assets	4,641	5,169	-	9,810
Interest paid on lease liabilities	236	2,246	-	2,482
Finance income *	2,859	(1,967)	(219)	673
Finance expense excluding lease liabilities	659	65	3,785	4,509

	Manufacturing	Steel trading	Properties	Consolidated
	R 000	R 000	R 000	R 000
for the year ended 31 March 2023 - audited				
Revenue from external sales	1,807,214	651,268	877	2,459,359
Inter-segment sales	120,556	178,788	27,415	
Total revenue	1,927,770	830,056	28,292	
Profit before taxation	254,543	27,170	11,048	292,761
Taxation				(56,496)
Profit for the year				236,265
Other information				
Net assets	1,139,592	252,074	121,327	1,512,993
Capital expenditure	56,335	254	2,173	58,762
Depreciation / amortisation	33,653	2,185	-	35,838
Depreciation on right-of-use assets	9,508	10,339	-	19,847
Interest paid on lease liabilities	504	4,493	-	4,997
Finance income *	7,222	(3,984)	(369)	2,869
Finance expense excluding lease liabilities	1,531	123	7,815	9,469

Segmental Review

	South Africa	Rest of the world	Consolidated
	R 000	R 000	R 000
Geographical segments			
for the 6 months ended 30 September 2023 - unaudited			
Revenue from external sales	777,771	529,706	1,307,477
Profit before taxation	43,454	128,244	171,698
Taxation			(42,095)
Profit for the period			129,603
Other information			
Net assets	1,000,599	619,835	1,620,434
Capital expenditure	15,461	16,547	32,008
Depreciation / amortisation	9,480	9,231	18,711
Depreciation on right-of-use assets	4,862	2,952	7,814
Interest paid on lease liabilities	1,484	268	1,752
Finance income *	3,228	2,758	5,986
Finance expense excluding lease liabilities	5,076	-	5,076
for the 6 months ended 30 September 2022 - unaudited			
Revenue from external sales	821,205	382,196	1,203,401
Profit before taxation	58,491	78,090	136,581
Taxation			(32,963)
Profit for the period			103,618
Other information			
Net assets	966,878	398,346	1,365,224
Capital expenditure	7,993	13,494	21,487
Depreciation / amortisation	9,223	8,112	17,335
Depreciation on right-of-use assets	5,954	3,856	9,810
Interest paid on lease liabilities	2,147	335	2,482
Finance income *	536	137	673
Finance expense excluding lease liabilities	4,329	180	4,509
for the year ended 31 March 2023 - audited			
Revenue from external sales	1,421,048	1,038,311	2,459,359
Profit before taxation	122,693	170,068	292,761
Taxation			(56,496)
Profit for the year			236,265
Other information			
Net assets	1,037,080	475,913	1,512,993
Capital expenditure	25,676	33,086	58,762
Depreciation / amortisation	18,722	17,116	35,838
Depreciation on right-of-use assets	11,863	7,984	19,847
Interest paid on lease liabilities	4,303	694	4,997
Finance income *	2,246	623	2,869
Finance expense excluding lease liabilities	9,237	232	9,469

Company overview

Argent Industrial Limited is a South African group with manufacturing and commodity trading interests in South Africa, the United Kingdom (“**UK**”) and the United States of America (“**USA**”).

The South African subsidiaries include, the trading companies, Phoenix Steel and Gammid, which both have trading and processing operations in the stainless, aluminium, and mild steel markets. The retail manufacturing companies are Xpanda, American Shutters, Jetmaster and Castor and Ladder which are strong brands locally and internationally. The industrial manufacturing companies, Hendor Mining, a manufacturer of underground mining scrapers, Kochs Cut and Supply, a specialist engineered steel jobbing shop, Tricks Wrought Iron, a steel fabricator, Pro Crane Services, manufacturers of industrial lifting equipment and Megamix, which is a concrete mixing and distribution company in the Western Cape, which also has a stone quarry located in Villiersdorp.

The UK subsidiaries comprise several specialist manufacturing companies. Fuel Proof manufactures fuel storage solutions which also offers rental options through Roll-Tec. Fluid Transfer International and Flofuel manufacture mobile fuel storage systems for the international aviation industry, as well as the maritime and vehicles industry. OSA Door Parts manufactures a range of industrial doors, Partington supplies material handling solutions and Cannock Gates supplies iron and wooden gate products for the consumer market.

The USA operation, New Joules Engineering, manufactures joule speed control retarder systems for classification rail yards.

The group’s interim results includes the increased tax rate for the UK, which has increased from 19% to 25%.

Operational review

The group had good results for the first six months of the 2024 financial year (“**Current Period**”), considering the effects of the higher global interest rate environment. The higher interest rates, together with the inflationary environment has had more of an impact on the spending patterns of the consumer, and a lesser effect on Business-to-Business trading. The result is that the latter, which makes up most of the group’s trading, pushed growth during the Current Period. This growth is set to continue for the next six months of the current financial year, given that the current order books of most of the companies will carry them past year-end. The group has again managed to maintain its margins in this inflationary environment and with the general prices of raw materials returning to normal levels, from the highs in recent years, these margins should be maintainable.

South African operations

The steel prices have reduced during the Current Period, while competition for business has increased. This has resulted in lower profits for the steel trading businesses relative to the previous years, but they remain profitable through controlled buying and stock selection. The reduction in steel prices has had a positive impact on the manufacturing entities who use steel, as input costs have reduced and, in most cases, the additional margin has been retained within the business.

The retail manufacturing entities have maintained their steady performance in revenue and earnings, while there are signs that the overall retail market is under some pressure due to reduced spending by the consumer. This has resulted in the bigger retailers putting price pressure on their suppliers which our companies have resisted in most cases. Fortunately, security products and essential DIY products such as access equipment, are always in demand in any economic environment, which has assisted our retail supply businesses. Jetmaster has seen slightly lowered sales in this reporting period, which has been partially offset by the introduction of new products, and increased volumes

through some large building contracts in the leisure industry, including some significant expansions and renovations at Sun City, where they supplied barbeques and fireplaces. Xpanda has had a much better first half than some of its bigger competitors, which can be attributed to increased exports and hands-on management.

The industrial manufacturing companies, particularly Pro Crane and Hendor have again had a good first half of the year with full orderbooks and good margins resulting from reduced input costs.

Megamix has had a slightly improved performance compared to the previous year, which would have been even better but for the heavy rains and a protracted taxi strike which affected our customers' ability to take on concrete.

The group has concluded a sale and leaseback agreement for the Phoenix Steel property in Gauteng which is now subject to successful transfer. The selling price is R45.4 million and the lease rate is at market value.

UK operations

The businesses in the UK have again performed very well, with the order books remaining healthy, along with good margins and efficient production output. This good performance is expected to continue for the foreseeable future.

Cannock Gates and Burbage Iron Craft have performed ahead of budget and the order outlook is strong and steady. OSA Doors has again had an exceptional first half with revenue and earnings maintained at above average levels of performance. Partington has seen a significant improvement in performance, partly due the investment in new process equipment and a highly motivated management team.

The fuel equipment supply companies, Fuel Proof; Roll-Tec; Fluid Transfer and Fofuel, have all had an incredible first half of the year and have strong order books to a diverse Global customer base. Fluid Transfer had a successful launch of it's all electric dispensing vehicle at the Inter-airport Europe show with orders from major oil companies for electrified vehicles. This growth can be attributed to the continued investment by the aviation industry worldwide, as well as increased military spending, not only in the UK, but around the globe.

Outlook

The Group is confident that it will maintain the current growth levels and will continue with the share buy back program targeting to spend a minimum of R 15 million before the end of the financial year.

Share buy-back programme

Argent repurchased and cancelled 635,863 shares in the period under review at a cost of R10.0 million equating to an average price of R15.80 per share. The share buy-back programme will continue, share price permitting.

Basis of preparation

The 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 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. The adoption of improved, revised, or new standards and interpretations did not have any significant impact on the financial statements.

The unaudited and unreviewed, consolidated interim financial statements were prepared under the supervision of the Financial Director, H.M Meyer 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 unaudited and unreviewed results for the six-month period ended 30 September 2023 have been prepared on the going concern basis. 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.

Events after the reporting period

No material facts or circumstances have occurred between the accounting date and the date of this report.

Changes to the board

Sue Cox retired with effective from 30 September 2023. Sue Cox was replaced by Hansie Meyer as the new Financial Director effective from 01 October 2023.

Dividend declaration

The board of directors of the company have declared and approved an interim gross dividend of 55 cents per share for the six month period ended 30 September 2023 from income reserves.

The following dates will apply to the abovementioned final dividend:

Publication of declaration data:	Tuesday, 21 November 2023
Last day to trade cum dividend:	Monday, 11 December 2023
Trading ex-dividend commences:	Tuesday, 12 December 2023
Record date:	Thursday, 14 December 2023
Dividend payment date:	Monday, 18 December 2023

Share certificates may not be dematerialised or re-materialised between Tuesday, 12 December 2023 and Thursday, 14 December 2023, both days inclusive.

In determining the dividends tax of 20% to be withheld in terms of the Income Tax Act (No 58 of 1962), those shareholders who are not exempt from the dividend tax will therefore receive a dividend of 44 cents per share net of dividend tax. The company has 55 420 340 ordinary shares in issue as at 21 November 2023 and its income tax reference number is 9096/002/71/3.

Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited/updated on Monday, 18 December 2023.

On behalf of the board

TR Hendry CA (SA)
Chief Executive Officer

Date: 21 November 2023

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

Auditors: RSM South Africa Inc.(Ben Frey as designated auditor)

Sponsors: PSG Capital Proprietary Limited

Transfer Secretaries: JSE Investor Services

Company Secretary: Jaco Dauth

Directors: CD Angus (Independent Non-executive), PA Christofides (Independent Non-executive), HM Meyer (Financial Director), TR Hendry (Chief Executive Officer), AF Litschka, K Mapasa (Independent Non-executive), T Scharrighuisen (Non-executive Chairman).