



Argent Industrial Limited

ARGENT INDUSTRIAL LIMITED

(Registration number 1993/002054/06)
Share code: ART ISIN: ZAE000019188
("Argent")



XPANDA SECURITY (PTY) LIMITED

(Registration number 1981/008930/07)
("Xpanda")

ACQUISITION BY ARGENT OF THE ENTIRE ISSUED SHARE CAPITAL OF XPANDA SECURITY (PROPRIETARY) LIMITED ("XPANDA") ("THE ACQUISITION") AND TRADING UPDATE

1. INTRODUCTION

Further to the cautionary announcement published on 31 January 2005, the directors of Argent are pleased to announce that Argent has concluded an agreement to acquire the entire issued share capital of Xpanda.

2. NATURE OF BUSINESS OF XPANDA

Xpanda is one of the leading manufacturers of steel barrier security in South Africa. The main products manufactured by Xpanda include security doors, driveway security gates and burglar bars. In addition, Xpanda offers advice on security issues and a valuable after-sales and back-up service to its customers.

There are approximately 55 local distributors of the Xpanda range of products in South Africa. The company also exports products.

The activities of Xpanda can be broadly categorised into four segments:

(i) Do-It-Yourself:

This segment involves standard ready made security products that are made in bulk and sold in chain stores such as Builders Warehouse, Dions, Mica Hardware etc. The products include ready-to-fit burglar bars, security gates and trellis expander gates.

(ii) Shutters

This segment involves the supply of large shutter/roller doors which are custom made and installed for security purposes at business premises, retail stores, factories and fire stations.

(iii) Contracting

This segment involves sales of bulk security products to contractors ie. property development contractors for the installation of security gates and burglar bars in townhouse complexes.

(iv) Exports

This segment deals with the exporting of certain of the above security products to countries such as Australia, the United Kingdom, France, Italy, Portugal, Canada, New Zealand, Mauritius, the Seychelles, Ghana, Holland, Nigeria and Uganda.

For more information on the activities of Xpanda, please see www.xpanda.co.za.

3. RATIONALE FOR THE ACQUISITION

Argent's long term strategy is to build a portfolio of branded steel product companies. To this end, Argent has acquired other branded steel product companies such as Jetmaster and Excalibur. This acquisition will further this strategy.

The Argent Group can benefit from the existing marketing channels that have been established by Xpanda in areas where the Argent Group currently has no presence, and Xpanda can benefit from Argent's international distribution capability.

The acquisition will provide Xpanda with strong ownership and a holding company that has the financial ability to invest capital in expanding and developing Xpanda's business further, as well as a good track record of being able to grow its core businesses.

4. TERMS OF THE ACQUISITION

The effective date of the transaction is 1 April 2005. The purchase consideration is approximately R49,3 million, which will be settled by the allotment of 5 135 084 renounceable ordinary Argent shares of 5 cents each and issued at 960 cents per share to the vendors of Xpanda being RJ Southey Investments (Proprietary) Limited, B & C Taylor Family Trust, Craig Basil Osborne, Michael John Moses and Ghislaine Riceman ("the vendors").

Application will accordingly be made, subject to certain suspensive conditions precedent, set out in paragraph 6 below, to the JSE Securities Exchange South Africa ("JSE"), to issue a further 5 135 084 Argent ordinary shares of 5 cents each.

5. FINANCIAL EFFECTS OF THE TRANSACTION

The table below sets out the pro forma financial effects of the acquisition on an Argent share, for illustrative purposes, based on Argent's interim financial statements for the 6 months ended 30 September 2004, and Xpanda's interim financial statements for the 6 months ended 31 December 2004:

	Before acquisition	After acquisition	Percentage change
EPS (cents)	61,1	63,8	4,4
HEPS (cents)	62,0	65,0	4,8
NAV per share (cents)	448,2	484,6	8,1
NTAV per share (cents)	403,4	406,9	0,9

Notes:

- The information in the "before" column has been extracted from the interim financial information of Argent as at 30 September 2004.
- The effect on earnings per share ("EPS") and headline earnings per share ("HEPS") has been calculated on the assumption that the acquisition was effective for 6 months with effect from 1 April 2004.
- The effect on net asset value per share ("NAV") has been calculated on the assumption that the acquisition was effective on 30 September 2004.
- Net tangible asset value per share ("NTAV") after the acquisition is based on the gross purchase consideration for Xpanda of R49,3 million and its net tangible asset value of R23,3 million at 31 December 2004.

6. SUSPENSIVE CONDITIONS

The acquisition is subject to the fulfillment of the necessary regulatory approval being received from the JSE, and approval from the Competition Commission.

7. WITHDRAWAL OF CAUTIONARY

Shareholders are referred to the cautionary announcement dated 31 January 2005, and are advised that as a result of this announcement the cautionary is now withdrawn.

8. DOCUMENTATION

The acquisition constitutes approximately 7.6% of Argent's current issued share capital, and is categorised as a Category 3 transaction by the JSE. Thus, this announcement appears for information purposes only. The transaction is at arms length and does not require shareholder approval or a circular to be sent to shareholders. Shareholders will be informed via SENS on the Competition Commission's approval of the transaction, which opinion is expected to be received within 6 weeks of this announcement.

9. TRADING UPDATE

In terms of the Listings Requirements of the JSE Securities Exchange South Africa, companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the period to be reported on will be more than 20% different from that of the previous corresponding period. Accordingly, a review of the financial results for the 12 months ended 31 March 2005 by management has indicated that headline earnings per share of Argent will be 20% to 30% higher than that of the prior comparative period.

The financial information on which this trading statement is based has not been reviewed or reported on by Argent's auditors. The results for the 12 months ended 31 March 2005 are expected to be published on or about 8 June 2005.

Roodepoort
28 February 2005

Sponsor

LPC MANHATTAN

LPC Manhattan Sponsors (Pty) Ltd
(Registration number 1999/024792/07)

Attorneys

WVB

WEBBER WENTZEL BOWENS

Corporate Advisor

SPIRIT

