

# 07

**Invicta**  
HOLDINGS LIMITED

www.invictaholdings.co.za

(Registration number 1966/002182/06)  
(Incorporated in the Republic of South Africa)  
(Share code: IVT) (ISIN code: ZAE000029773)

## FINANCIAL RESULTS

Revenue up **40%**  
Earnings per share up **73%**  
Dividend up **53%**



### AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 MARCH 2007

CONSOLIDATED CONDENSED INCOME STATEMENT			
	2007 R'000	2006 R'000	% change
Revenue	2 663 398	1 907 754	40
Operating income	281 229	197 843	42
Interest and preference dividend received	137 247	21 396	
Finance costs	(162 648)	(40 552)	
Profit before taxation	255 828	178 687	43
Taxation	38 104	53 522	
Profit for the year	217 724	125 165	
Attributable to ordinary shareholders	215 994	125 455	73
Minority interest	1 730	(290)	
<b>Earnings per share (cents)</b>	<b>292</b>	<b>170</b>	<b>73</b>
<b>Diluted earnings per share (cents)</b>	<b>288</b>	<b>169</b>	<b>70</b>
<b>Determination of headline earnings</b>			
Attributable earnings	215 994	125 455	
Adjustments – after taxation and minority interests where applicable			
– Profit on issue of shares by subsidiary	666	–	
– Profit on disposal of interest in subsidiary	22 565	–	
– Profit on disposal of property, plant and equipment	738	29	
<b>Headline earnings</b>	<b>192 025</b>	<b>125 426</b>	<b>53</b>
<b>Shares in issue</b>			
Weighted average (000s)	73 866	73 861	
At the end of the year (000s)	74 341	73 861	
Number of shares used for diluted earnings per share (000s)	75 122	74 246	
<b>Headline earnings per share (cents)</b>	<b>260</b>	<b>170</b>	<b>53</b>
<b>Diluted headline earnings per share (cents)</b>	<b>256</b>	<b>169</b>	<b>51</b>
<b>Total dividends (cents)</b>	<b>104</b>	<b>68</b>	<b>53</b>

CONSOLIDATED CONDENSED BALANCE SHEET		
	2007 R'000	2006 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1 542 932	1 547 755
Investments	118 097	123 220
Goodwill and other intangible assets	1 195 303	1 195 303
Deferred taxation	210 323	203 701
Loan receivable	17 722	19 843
	1 487	5 688
<b>Current assets</b>	<b>1 443 374</b>	<b>949 924</b>
Inventories	875 315	633 901
Accounts receivable	372 316	289 656
Bank balances and cash	195 743	26 368
	<b>2 986 306</b>	<b>2 497 679</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Attributable to ordinary shareholders	930 846	718 531
Minority interest	886 161	716 296
	44 685	2 235
<b>Non-current liabilities</b>	<b>1 193 311</b>	<b>1 203 060</b>
Long-term borrowings	1 193 311	1 203 060
<b>Current liabilities</b>	<b>862 149</b>	<b>576 088</b>
Bank overdrafts and bankers' acceptances	342	105 642
Short-term borrowings	19 440	19 984
Accounts payable	780 066	401 574
Provisions	62 301	48 888
	<b>2 986 306</b>	<b>2 497 679</b>

CONSOLIDATED CONDENSED CASH FLOW STATEMENT		
	2007 R'000	2006 R'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	364 698	98 372
Finance costs	(162 648)	(40 552)
Dividends paid	(55 152)	(46 494)
Taxation paid	(25 211)	(58 704)
Interest and dividend received	137 247	21 396
Net cash inflow (outflow) from operating activities	258 934	(25 982)
<b>Cash flows from investing activities</b>		
Net cash effects of asset acquisitions	(11 474)	(31 129)
Net cash effects of other investing activities	32 439	(1 523 416)
<b>Cash flows from financing activities</b>		
Net cash effects of shares issued	4 200	271 505
Net cash effects of borrowings (repaid) raised	(9 424)	1 203 645
Net increase (decrease) in cash and cash equivalents	274 675	(105 377)
Cash and cash equivalents at the beginning of the year	(79 274)	26 103
Cash and cash equivalents at the end of the year	195 401	(79 274)

Segment information on these businesses is presented below:

	Engineering consumables		Capital equipment and spares		Non-segment allocations			
	R'000 2007	R'000 2006	R'000 2007	R'000 2006	R'000 2007	R'000 2006	R'000 2007	R'000 2006
Revenue	1 355 179	1 172 670	1 308 219	735 084	–	–	2 663 398	1 907 754
Operating profit before finance costs, interest and preference dividend received	173 412	154 564	71 075	43 279	36 742	–	281 229	197 843
Balance sheet								
Assets	772 005	707 515	684 949	797 518	1 529 352	992 646	2 986 306	2 497 679
Liabilities	251 518	284 800	526 786	295 391	1 277 156	1 198 957	2 055 460	1 779 148

Geographical segments: The group has not reported segment information by geographical location as the operations occur substantially within Southern Africa.



### COMMENTS (continued)

resulted in strong cash generation and the group ended the year with net cash and cash equivalents of R195 million, an increase of R275 million over last year.

Bearing Man turned in another good performance. Good trading conditions in the engineering consumables sector, a weaker Rand in the second half and contributions from acquisitions made last year, saw turnover grow by 16% to R1 355 million. However, greater growth in lower margin business resulted in operating income growing by only 12% to R173 million.

The agricultural sector improved considerably from last year. Grain plantings returned to normal, grain prices recovered, and early summer rains were good. This, combined with significant export sales into Africa, contributed to Northmec's large growth in turnover. The group acquired 100% of the share capital of New Holland and its subsidiary, Farmmac, on 1 April 2006. The cash outflow on the acquisition was R64 million, comprising cash flow on acquisition of R22 million and bank overdraft of R42 million. The New Holland group contributed marginally to net profit after tax for the year. The acquisition of New Holland was bedded down within 3 months, and it recorded a small profit for the year, despite significant once-off restructuring costs, which is a laudable feat by management.

CSE, the earthmoving machinery division experienced very competitive market conditions. The market was buoyant due to increased infrastructural expenditure and growth in the construction industry. This resulted in good volume growth in the industry and CSE's turnover grew by 8%, but pressure on margins resulted in operating profit being 5% lower than last year. The entry of cheaper products into the market, mainly from the Far East, increased competition in an already competitive market, which is not likely to change in the short term.

#### BEE TRANSACTION

On 16 March 2007, the group announced its BEE equity transaction. It issued 20% of Humulani Investments (Pty) Ltd (see above) to AloeCap for R93 million cash, and 5% to a Group staff trust which was established to benefit the black staff of the group, for R23 million. AloeCap has over the past 10 years built a solid track record as a significant advisor to the public sector, an investor in various businesses in the mining, fabrication, wholesaling, IT and events management industries, and a raiser of substantial funds from financial institutions for its clients. The group is delighted to welcome its new partners aboard and we look forward to their participation in growing the group.

#### Appointments to the board

The group is delighted to announce the following appointments to the board of directors of Invicta Holdings Ltd, effective 7 June 2007:

- Attlee Masuku, as non-executive director. He is the managing director of the AloeCap group;
- Joe Mthimunya, as alternate director to Attlee Masuku. He is the executive chairman of the AloeCap group;
- Tony Sinclair, as executive director, who was previously an alternate director to Michael Rose-Innes, is the managing director of the Agricultural and Construction machinery divisions;
- Craig Barnard, the company secretary, as Commercial director; and
- Charles Walters, as alternate director to David Samuels. He is the managing director of Bearing Man.

#### Prospects

The engineering consumables sector is expected to continue at current levels, which should enable Bearing Man to produce real growth. The current trading conditions in the agricultural sector are, however, less than ideal, with a large part of the grain growing areas of the country in the grips of a drought, which, combined with reduced exports into Africa, are likely to result in a reduced profit contribution from the group's agricultural machinery divisions in the coming year. As noted above, the group's earthmoving machinery division, CSE, faces severe competition in its markets as more and more Eastern Bloc products flood onto the market, making it unlikely that it will be able to improve on its performance next year. The acquisition of 60% of Tiletoria, announced by Invicta on 22 December 2006 was completed on 1 June 2007 with the payment of R42 million in cash to the vendors. Tiletoria's results will be consolidated into the group from 1 June 2007. Its contribution will not be material in the coming year as its expansion plans will take some time to achieve, whereafter we anticipate a considerable contribution from this company.

The group continues to pursue various acquisitions to underpin long term growth. Given the uncertain conditions mentioned earlier and the slight dilution arising from the introduction of BEE partners in Humulani, management is expecting a much reduced growth in the coming year. It is however confident, that its long term strategies will continue to provide a solid platform for sustained growth in future years.

Dr C H Wiese

Chairman

A Goldstone

Managing Director

#### AUDIT OPINION

Our auditors, Deloitte & Touche, have issued their opinion on the group's financial statements for the year ended 31 March 2007. They have issued an unmodified audit opinion. A copy of their report is available for inspection at the company's registered office. These summarised financial statements have been derived from the group's annual financial statements and are consistent in all material respects with the group's annual financial statements.

#### DIVIDENDS

The board has declared a final cash dividend of 71 cents per share.

In compliance with the requirements of STRATE the following dates are applicable:

Last date to trade cum dividend	Friday, 22 June 2007
First date of trading ex dividend	Monday, 25 June 2007
Record date	Friday, 29 June 2007
Payment date	Monday, 2 July 2007

Share certificates may not be dematerialised or rematerialised from Monday, 25 June 2007 to Friday, 29 June 2007, both days inclusive.

	2007 (cents)	Increase %	2006 (cents)
Interim Dividend	33		27
Final Dividend	71		48
	<b>104</b>	<b>53</b>	<b>68</b>

By order of the board

C Barnard

Secretary

Johannesburg

6 June 2007

#### REGISTERED OFFICE

Invicta Holdings Limited  
Unit 1A, Ground Floor  
Searle House  
Alphen Park  
Constantia Main Road  
Constantia 7806  
PO Box 89  
Constantia 7848

#### TRANSFER SECRETARIES

Computershare Investor Services  
2004 (Pty) Limited  
Ground Floor  
70 Marshall Street  
Johannesburg 2001  
PO Box 61051  
Marshalltown 2107

#### DIRECTORS

Dr C H Wiese\*, A Goldstone,  
M Rose-Innes\*, D Samuels\*,  
RE Sherrell\*, AM Sinclair#,  
\* Non-executive # Alternate  
C Barnard – Company Secretary

#### SPONSOR

Deloitte & Touche Sponsor  
Services (Pty) Ltd