

# Invicta

## HOLDINGS LIMITED

Registration number: 1966/002182/06  
(Incorporated in the Republic of South Africa)  
Share code: IVT • ISIN: ZAE000029773  
Preference share code: IVTP • ISIN: ZAE000173399  
("Invicta" or "the Group" or "the Company")

# UNAUDITED CONDENSED GROUP INTERIM RESULTS

for the six months ended  
30 September 2014

REVENUE UP BY 3% • ORDINARY DIVIDEND 84 cents per share • HEPS 292 cents

### Consolidated condensed STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 30 Sep 2014 R'000	Unaudited 6 months ended 30 Sep 2013 R'000	Audited year ended 31 Mar 2014 R'000
Revenue	5 269 649	5 128 724	10 464 511
Gross profit	1 423 630	1 428 062	2 899 658
Operating profit	426 603	492 663	1 042 950
Interest and dividends received	320 176	286 062	633 556
Finance costs	(397 814)	(355 774)	(827 966)
Share of profits of associates	2 500	731	2 150
Profit before taxation	351 465	423 682	850 690
Taxation	(62 840)	(90 513)	(140 779)
Profit for the period	288 625	333 169	709 911
<b>Other comprehensive income:</b>			
Items that will be reclassified to profit or loss			
Exchange differences on translating foreign operations	61 463	31 785	74 615
<b>Total comprehensive income for the period</b>	<b>350 088</b>	<b>364 954</b>	<b>784 526</b>
<b>Profit attributable to:</b>			
Owners of the Company	216 939	263 077	580 107
Non-controlling interest	36 760	37 490	64 016
Preference shareholders	34 926	32 602	65 788
	288 625	333 169	709 911
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(3) 264 536	271 417	629 158
Non-controlling interest	(15) 50 626	60 935	89 580
Preference shareholders	(7) 34 926	32 602	65 788
	350 088	364 954	784 526
<b>Earnings per share (cents)</b>	(18) 293	358	788
<b>Diluted earnings per share (cents)</b>	(18) 292	356	788
<b>Normalised earnings per share (cents)</b>	(18) 293	358	788
<b>Determination of normalised earnings per share</b>			
Profit attributable to owners of the Company	216 939	263 077	580 107
<b>Normalised profit attributable to owners of the Company</b>	<b>216 939</b>	<b>263 077</b>	<b>580 107</b>
<b>Determination of headline earnings</b>			
Attributable earnings	216 939	263 077	580 107
Adjustments			
- Net impairment of property, plant and equipment	-	-	66
- Profit on disposal of investment	-	-	(4 032)
- Profit on sale of fixed assets held for sale	-	(6 048)	-
- Net profit on disposal of property, plant and equipment	(622)	(844)	(16 298)
Total adjustments before taxation and non-controlling interest	(622)	(6 892)	(20 264)
Taxation	172	1 572	2 809
Non-controlling interest	3	1 489	96
Total adjustments	(447)	(3 831)	(17 359)
<b>Headline earnings</b>	<b>216 492</b>	<b>259 246</b>	<b>562 748</b>
<b>Headline earnings per share (cents)</b>	(17) 292	353	765
<b>Diluted headline earnings per share (cents)</b>	(17) 292	351	765
<b>Normalised headline earnings per share (cents)</b>	(17) 292	353	765
<b>Determination of normalised headline earnings per share</b>			
Profit attributable to owners of the Company	216 492	259 246	562 748
<b>Normalised headline earnings</b>	<b>216 492</b>	<b>259 246</b>	<b>562 748</b>
<b>Shares in issue</b>			
Weighted average (000s)	74 098	73 427	73 592
At the end of the period (000s)	74 887	73 434	75 551
Number of shares used for diluted earnings per share (000s)	74 223	73 906	73 531
<b>Headline earnings per share (cents)</b>	(17) 292	353	765
<b>Earnings per share (cents)</b>	(18) 293	358	788
<b>Dividends per share* (cents)</b>	(18) 84	102	286,65
- Interim	84	102	102
- Final	-	-	184,65

\* In accordance with IAS10, the interim dividend of 84 cents per share proposed by the directors has not been reflected in the interim results.

### Consolidated condensed STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 30 Sep 2014 R'000	Unaudited 6 months ended 30 Sep 2013 R'000	Audited year ended 31 Mar 2014 R'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	280 589	386 105	715 160
Finance costs	(397 814)	(355 774)	(827 966)
Dividends paid to Group shareholders and non-controlling interest	(192 575)	(179 039)	(281 367)
Taxation paid	(66 738)	(89 428)	(142 910)
Interest and dividends received	320 176	286 062	633 556
Net cash (outflow)/inflow from operating activities	(56 362)	47 926	96 473
<b>Cash flows from investing activities</b>			
Net cash effects of acquisitions of property, plant and equipment and intangible assets	(139 652)	(114 994)	(216 181)
Acquisition of subsidiaries and associates	(18 700)	(98 028)	(97 456)
Acquisition of non-controlling interests in subsidiaries	21	-	(1 670)
(Increase) decrease in long-term receivables including current portion	(133 869)	4 936	(339 327)
Net decrease (increase) in financial investments	85 947	(53 955)	(11 968)
Dividend received from associate	748	1 198	1 947
Net cash outflow from investing activities	(205 505)	(260 843)	(664 655)
<b>Cash flows from financing activities</b>			
Net cash effects of liabilities raised	191 774	260 065	237 066
Net settlement of share appreciation rights and employees tax on share appreciation rights exercised	-	-	(39 299)
Ordinary shares and preference shares issued	-	2 379	321
Net cash inflow from financing activities	191 774	262 444	198 088
Net (decrease) increase in cash and cash equivalents	(70 093)	49 527	(30 094)
Cash and cash equivalents at the beginning of the period	139 496	487 718	487 718
Effect of foreign exchange rate movement on cash balances	-	-	21 872
Cash and cash equivalents at the end of the period	69 403	537 245	139 496

### OTHER INFORMATION

	Unaudited 6 months ended 30 Sep 2014 R'000	Unaudited 6 months ended 30 Sep 2013 R'000	Audited year ended 31 Mar 2014 R'000
Net interest-bearing debt: equity ratio (excluding long-term funding debt secured by investments and loans) (%)	38	34	37
Depreciation and amortisation (R'000)	67 647	68 003	135 102
Net asset value per share (cents)	4 280	2 804	4 073
Tangible net asset value per share (cents)	3 229	2 804	3 025
Capital expenditure (R'000)	143 049	116 912	258 661
Capital commitments (R'000)	124 435	58 640	51 936

### INVICTA HOLDINGS LIMITED

Registered office: Invicta Holdings Limited, 3rd Floor, Pepkor House, 36 Stellenberg Road, Parow Industria, 7493 • PO Box 6077, Parow East, 7501

Transfer secretaries: Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 • PO Box 61051, Marshalltown, 2107

Directors: Dr CH Wiese\* (Chairman), A Goldstone (Chief Executive Officer and Deputy Executive Chairman), CE Walters (Deputy Chief Executive Officer), C Barnard, R Naidoo\*, B Nichles, DI Samuels\*, LR Sherrell\*, AM Sinclair, RA Wally\*, Adv JD Wiese\*

\* Non-executive ^ Independent non-executive

Company Secretary: GM Chemaly

Sponsor: Deloitte & Touche Sponsor Services (Pty) Ltd

### Consolidated condensed STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Sep 2014 R'000	Unaudited 30 Sep 2013 R'000	Audited 31 Mar 2014 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>6 817 341</b>	<b>6 314 650</b>	<b>6 563 637</b>
Property, plant and equipment	1 237 889	1 100 676	1 170 577
Financial investments and investment in associates	2 109 977	2 143 118	2 032 223
Goodwill and other intangible assets	787 495	781 350	791 632
Financial assets, finance lease and long-term receivables	2 499 325	2 137 824	2 324 107
Deferred taxation	182 655	151 682	245 098
<b>Current assets</b>	<b>6 953 877</b>	<b>7 076 717</b>	<b>6 885 035</b>
Held for sale assets	14 849	3 478	-
Inventories	3 600 000	3 794 381	3 478 732
Trade and other receivables	2 144 916	1 865 432	1 844 072
Current portion of financial investments, finance lease and long-term receivables	817 561	756 360	1 014 315
Taxation prepaid	10 075	6 238	21 547
Bank balances and cash	366 476	650 828	526 369
<b>Total assets</b>	<b>13 771 218</b>	<b>13 391 367</b>	<b>13 448 672</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>3 722 834</b>	<b>3 298 621</b>	<b>3 559 020</b>
Equity attributable to the equity holders	3 205 251	2 840 295	3 077 073
Non-controlling interest	517 583	458 326	481 947
<b>Non-current liabilities</b>	<b>6 128 876</b>	<b>6 453 690</b>	<b>6 120 618</b>
Long-term borrowings, guaranteed repurchase liabilities and financial liabilities	6 097 033	6 426 584	6 093 891
Deferred taxation	31 843	27 106	26 727
<b>Current liabilities</b>	<b>3 919 580</b>	<b>3 639 056</b>	<b>3 769 034</b>
Current portion of long-term borrowings and guaranteed repurchase liabilities	1 115 950	592 028	935 522
Trade, other payables and provisions	2 477 970	2 895 003	2 334 597
Taxation liabilities	28 515	38 442	112 042
Bank overdrafts	297 073	113 583	386 873
<b>Total equity and liabilities</b>	<b>13 771 218</b>	<b>13 391 367</b>	<b>13 448 672</b>

### Consolidated condensed STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 months ended 30 Sep 2014 R'000	Unaudited 6 months ended 30 Sep 2013 R'000	Audited year ended 31 Mar 2014 R'000
<b>Share capital</b>			
Balance at the beginning of the period	3 777	3 743	3 743
Shares issued	-	2	34
Balance at the end of the period	3 777	3 745	3 777
<b>Share premium</b>			
Balance at the beginning of the period	410 897	331 515	331 515
Shares issued	-	2 377	79 382
Balance at the end of the period	410 897	333 892	410 897
<b>Treasury shares</b>			
Balance at the beginning of the period	(80 098)	(80 098)	(80 098)
Balance at the end of the period	(80 098)	(80 098)	(80 098)
<b>Preference shares</b>			
Balance at the beginning of the period	750 000	750 000	750 000
Balance at the end of the period	750 000	750 000	750 000
<b>Retained earnings</b>			
Balance at the beginning of the period	2 275 702	2 014 469	2 014 469
Earnings attributable to ordinary shareholders	216 939	263 077	645 895
Share appreciation rights exercised	-	(15 700)	(110 085)
Change in non-controlling interest	49	2 351	-
Dividends paid	(137 616)	(131 180)	(274 577)
Balance at the end of the period	2 355 074	2 133 017	2 275 702
<b>Other reserves</b>			
Balance at the beginning of the period	(283 205)	(329 552)	(329 552)
Share appreciation rights issued	593	1 866	5 926
Share appreciation rights exercised	-	(4 360)	(8 630)
Translation of foreign operations	48 213	31 785	49 051
Balance at the end of the period	(234 992)	(300 261)	(283 205)
Attributable to equity shareholders	3 205 251	2 840 295	3 077 073
<b>Non-controlling interest</b>			
Balance at the beginning of the period	481 947	405 135	405 135
Earnings attributable to non-controlling interest	36 760	37 490	64 016
Share of foreign currency translation reserve	13 866	23 445	25 564
Non-controlling interest arising on acquisitions and purchases of non-controlling interests	409	(2 351)	1 770
Change in non-controlling interest	-	2 114	-
Preference shares issued	-	-	321
Dividends paid	(15 399)	(7 507)	(14 859)
Balance at the end of the period	517 583	458 326	481 947

### SEGMENT INFORMATION

	Engineering consumables R'000	Capital equipment R'000	Building supplies R'000	Group, financing and other operations R'000	Total R'000
<b>Unaudited six months ended 30 September 2014</b>					
Segment revenue	2 027 951	2 404 046	837 237	415	5 269 649
Segment operating profit	209 285	180 234	48 316	(11 232)	426 603
Segment assets	2 251 399	3 816 132	824 952	6 878 735	13 771 218
Segment liabilities	658 560	2 152 287	542 402	6 695 135	10 048 384
<b>Unaudited six months ended 30 September 2013</b>					
Segment revenue	1 977 776	2 583 203	565 214	2 531	5 128 724
Segment operating profit	219 549	251 415	31 990	(10 291)	492 663
Segment assets	2 105 126	4 251 606	662 365	6 372 270	13 391 367
Segment liabilities	729 770	2 664 684	463 042	6 235 250	10 092 746
<b>Audited year ended 31 March 2014</b>					
Segment revenue	3 954 572	5 122 299	1 383 421	4 219	10 464 511
Segment operating profit	472 773	483 641	66 969	19 567	1 042 950
Segment assets	2 284 378	3 897 441	693 971	6 572 882	13 448 672
Segment liabilities	729 493	2 245 847	455 152	6 459 160	9 889 652

### NOTES TO THE FINANCIAL INFORMATION

#### Basis of preparation

The Group's condensed consolidated interim financial statements (results) are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, the requirements of the Companies Act applicable to condensed financial statements, the framework, measurement and recognition requirements of International Financial Reporting Standards (IFRS), 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 contains the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the results are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the Group's previous consolidated annual financial statements. All accounting policies effective for the 2015 financial year onwards were applied and did not have a material impact on the Group results.

#### Prepared by

These Group condensed consolidated interim financial statements have been prepared under the supervision of Craig Barnard CA(SA), the Executive Director – Financial and Commercial.

#### Events after the reporting period

After the reporting period the shares held by the minority shareholders in Kian Ann Engineering Limited (Kian Ann) were purchased by companies within the Group.

#### Fair value disclosure

The following is an analysis of the financial instruments that are measured subsequent to initial recognition at fair value. They are grouped into levels 1 to 3 based on the extent to which the fair value is observable.

The levels are classified as follows:

- Level 1 – fair value is based on quoted prices in active markets for identical financial assets or liabilities.
- Level 2 – fair value is determined using directly observable inputs other than level 1 inputs.
- Level 3 – fair value is determined on inputs not based on observable market data.

	30 Sep 2014	Valuation technique(s) and key inputs	Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>					
Financial assets	1 264 725	1	-	1 264 725	-
Trade and other receivables	2 144 916				