



- Revenue up 27%
- Profit for the period up 61%
- Earnings per share up 42%
- Dividend up 42%

# Unaudited Group results

for the six months ended 30 September 2007

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

## Condensed income statement

	Unaudited six months ended 30 Sept 2007 R'000	Unaudited six months ended 30 Sept 2006 R'000	% change	Audited year ended 31 March 2007 R'000
Revenue	1 598 960	1 256 634	27	2 663 398
Operating income	141 447	105 488	34	281 229
Interest and preference dividend received	70 006	65 584		137 247
Finance costs	79 982	87 521		162 648
Profit before taxation	131 471	83 551	57	255 828
Taxation	13 842	10 445		38 104
Profit for the period	117 629	73 106	61	217 724
Minority interest	(12 664)	(316)		(1 730)
Attributable to ordinary shareholders	104 965	72 790	44	215 994
<b>Earnings per share (cents)</b>	<b>141</b>	<b>99</b>	<b>42</b>	<b>292</b>
<b>Diluted earnings per share (cents)</b>	<b>139</b>	<b>98</b>	<b>42</b>	<b>288</b>
<b>Determination of headline earnings</b>				
Attributable earnings	104 965	72 790		215 994
Adjustments – after taxation and minority interests where applicable				
– Negative goodwill on business combination	(88)	–		–
– Profit on issue of shares by subsidiary	–	–		(22 565)
– Profit on disposal of interest in subsidiary	–	(740)		(666)
– Profit on disposal of property, plant and equipment	(410)	(340)		(738)
<b>Headline earnings</b>	<b>104 467</b>	<b>71 710</b>		<b>192 025</b>
<b>Shares in issue</b>				
Weighted average (000s)	74 341	73 861		73 866
At the end of the period (000s)	74 341	73 861		74 341
Number of shares used for diluted earnings per shares (000s)	75 604	74 441		75 122
<b>Headline earnings per share (cents)</b>	<b>141</b>	<b>97</b>	<b>45</b>	<b>260</b>
<b>Diluted headline earnings per share (cents)</b>	<b>139</b>	<b>96</b>	<b>45</b>	<b>256</b>
<b>Dividends per share* (cents)</b>				<b>104</b>
Interim	47	33	42	33
Final				71

\* In accordance with IAS10, the interim dividend of 47 cents per share proposed by the directors has not been reflected in the interim results.

## Condensed balance sheet

	Unaudited six months ended 30 Sept 2007 R'000	Unaudited six months ended 30 Sept 2006 R'000	Audited year ended 31 March 2007 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>1 583 219</b>	<b>1 553 260</b>	<b>1 542 932</b>
Property, plant and equipment	138 789	121 163	118 097
Deferred taxation	22 570	26 824	17 722
Investments	1 195 303	1 195 303	1 195 303
Goodwill and other intangible assets	225 070	204 282	210 323
Loan receivable	1 487	5 688	1 487
<b>Current assets</b>	<b>1 477 611</b>	<b>1 032 473</b>	<b>1 443 374</b>
Inventories	822 785	672 300	875 315
Trade and other receivables	500 299	360 173	372 316
Bank balances and cash	154 527	–	195 743
<b>Total assets</b>	<b>3 060 830</b>	<b>2 585 733</b>	<b>2 986 306</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>1 014 405</b>	<b>767 714</b>	<b>930 846</b>
Attributable to ordinary shareholders	940 494	762 683	886 161
Minority interest	73 911	5 031	44 685
<b>Non-current liabilities</b>	<b>1 199 894</b>	<b>1 212 436</b>	<b>1 193 311</b>
Long-term borrowings	1 199 894	1 212 436	1 193 311
<b>Current liabilities</b>	<b>846 531</b>	<b>605 583</b>	<b>862 149</b>
Bank overdrafts and bankers' acceptances	5 127	19 614	342
Short-term borrowings	12 121	18 916	19 440
Trade, other payables and provisions	815 371	567 053	829 609
Tax liabilities	13 912	–	12 758
<b>Total equity and liabilities</b>	<b>3 060 830</b>	<b>2 585 733</b>	<b>2 986 306</b>

## Condensed cash flow statement

	2007 R'000	2006 R'000	2007 R'000
<b>Cash flows from operating activities</b>	<b>86 366</b>	<b>199 558</b>	<b>364 698</b>
Cash generated from operations	86 366	199 558	364 698
Finance costs	(79 982)	(87 521)	(162 648)
Dividends paid	(55 600)	(30 235)	(55 152)
Taxation paid	(22 222)	(13 793)	(25 211)
Interest and dividend received	70 006	65 584	137 247
Net cash (outflow) inflow from operating activities	(1 432)	133 593	258 934
Cash flows from investing activities	(7 260)	(3 635)	(16 016)
Net cash effects of asset acquisitions	(7 260)	(3 635)	(16 016)
Net cash effects of other investing activities	(32 241)	(60 559)	36 981
Cash flows from financing activities			
Net cash effects of shares issued in terms of Bearing Man debenture scheme	–	–	4 200
Net cash effects of borrowings raised	(5 068)	(9 739)	(9 424)
Net (decrease) increase in cash and cash equivalents	(46 001)	59 660	274 675
Cash and cash equivalents at the beginning of the year	195 401	(79 274)	(79 274)
Cash and cash equivalents at the end of the year	149 400	(19 614)	195 401

## Other information

Debt : Equity ratio (%) (excluding long-term BEE funding debt secured by investments)	2	7	–
Depreciation and amortisation (R'000)	11 531	11 088	22 696
Net asset value per share (cents)	1 265,1	1 032,6	1 192,0
Tangible net asset value per share (cents)	962,4	756,0	909,1
Contingent liabilities	4 724	3 991	3 750

## Business Acquisitions

	Total R'000
Acquired effective June 2007	
Property, plant and equipment	23 646
Deferred taxation	(2 342)
Long-term liabilities	(4 332)
Trade and other receivables	13 444
Cash and cash equivalents	13 687
Inventory	33 920
Trade and other payables	(25 684)
Taxation	(2 354)
<b>Fair value of assets acquired</b>	<b>49 985</b>
Attributable to minority shareholders	(19 379)
Goodwill on acquisition	15 322
<b>Cost of acquisitions</b>	<b>45 928</b>
Cash and cash equivalents acquired	(13 687)
Net cash effect of acquisition of subsidiaries	32 241
Profit after tax since acquisition date included in the consolidated condensed results for the period	2 349
Profit after tax should the above business combinations have been included for the entire period	2 823

## Condensed statement of changes in equity

	Unaudited six months ended 30 Sept 2007 R'000	Unaudited six months ended 30 Sept 2006 R'000	Audited year ended 31 March 2007 R'000
<b>SHARE CAPITAL</b>			
Balance at beginning of year	3 717	3 693	3 693
Shares issued in terms of Bearing Man debenture scheme	–	–	24
Balance at end of year	3 717	3 693	3 717
<b>SHARE PREMIUM</b>			
Balance at beginning of year	281 234	277 058	277 058
Shares issue in terms of Bearing Man debenture scheme	–	–	4 176
Balance at end of year	281 234	277 058	281 234
<b>RETAINED EARNINGS</b>			
Balance at beginning of year	588 011	426 673	426 673
Earnings attributable to ordinary shareholders	104 965	72 790	215 994
Dividends paid	(52 782)	(30 282)	(54 656)
Balance at end of year	640 194	469 181	588 011
<b>OTHER RESERVES</b>			
Balance at beginning of year	13 199	8 872	8 872
Arising from the issue of share appreciation rights	2 290	3 634	4 352
Arising on translation of foreign operations	(140)	245	(25)
Balance at end of year	15 349	12 751	13 199
	940 494	762 683	886 161
<b>MINORITY INTEREST</b>			
Balance at beginning of year	44 685	2 235	2 235
Earnings attributable to outside shareholders	12 664	316	1 730
Net investment in subsidiaries	19 379	2 480	–
Dividend paid	(2 817)	–	(580)
Equity input by minorities	–	–	41 300
Balance at end of year	73 911	5 031	44 685

## Segment information

	Engineering consumables R'000	Capital equipment and spares R'000	Non segment allocations R'000	Total R'000
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### Unaudited six months ended 30 September 2007

<b>Revenue - 2007</b>	<b>761 717</b>	<b>801 290</b>	<b>35 953</b>	<b>1 598 960</b>
Revenue - 2006	638 057	618 577	–	1 256 634
<b>Profit from operations before finance costs, interest and preference dividend received - 2007</b>	<b>98 035</b>	<b>46 478</b>	<b>(3 066)</b>	<b>141 447</b>
Profit from operations before finance costs, interest and preference dividend received - 2006	79 277	25 772	439	105 488
<b>Total assets - 2007</b>	<b>723 669</b>	<b>732 236</b>	<b>1 604 925</b>	<b>3 060 830</b>
Total assets - 2006	705 496	685 137	1 195 100	2 585 733
<b>Total liabilities - 2007</b>	<b>184 537</b>	<b>627 245</b>	<b>1 234 643</b>	<b>2 046 425</b>
Total liabilities - 2006	251 161	371 758	1 195 100	1 818 019

## Notes to the financial information

### Basis of preparation

The consolidated financial statements have been prepared in accordance with IAS34 Interim Financial Reporting, International Financial Reporting Standards, the JSE Limited's Listings Requirements and in the manner required by the Companies Act of South Africa. The principal accounting policies as set out in the Group's 2007 annual report have been consistently applied throughout the six month period under review.

### Comments

#### Group Activities

The Invicta Group continues to be a major regional player in the importation and distribution of:

- Bearings, belts, seals, power transmission products, geared motors and fasteners ("Bearing Man")
- Agricultural machinery and equipment ("Northmec") and New Holland SA ("New Holland")
- Construction and earthmoving equipment, turf grooming equipment and golf utility cars ("CSE")
- Automotive and motorcycle parts ("Autobax")
- Floor tiles, wall tiles and sanitary ware ("Tiletoria")

#### Financial Overview

The group has again achieved excellent results and has made a number of strategic acquisitions. Trading conditions in all sectors of the group continued to be strong during the six months under review. Group turnover grew by a healthy R342 million (27%) while improved margins and greater operating efficiencies led to operating income growing by R36 million (34%) to R141 million. Profit for the period was up 61%, while earnings attributable to ordinary shareholders improved by 44% to R105 million, which translates into headline earnings of 141 cents per share, up 42% on last year.

The results are particularly pleasing considering the dilutionary effect of our BEE transaction, which contributed to the minority share of profits growing to R12.6 million from R0.3 million, R9.2 million of which relates to the BEE transaction.

Bearing Man continued its good growth record. Revenue grew by R123 million (19%), and improved margins and cost control led to operating profit growing by 24% to R98 million. All divisions performed well except for automotive, which has subsequently been restructured.

The capital equipment divisions performed well, with turnover increasing by R183 million (30%) to R801 million. Trading in the agricultural sector remained buoyant during the period under review. At the beginning of the period, large parts of the grain growing areas of the country were experiencing drought conditions. Following widespread rains the market has improved. Notwithstanding that, total unit sales of tractors in the domestic market in South Africa are slightly below those of last year. Northmec's turnover grew by a healthy 58%. New Holland has returned to profitability and the combined New Holland and Case tractor sales place the Invicta group at number 1 in tractor unit sales in South Africa for this calendar year. Export sales into Africa, which by their nature are unpredictable, were R90 million. CSE, the earthmoving machinery division, continued to experience very competitive market conditions. Although volumes in the industry were strong, competition kept margins under pressure. Nevertheless CSE managed to grow turnover by 16% and improved its margins slightly. CSE will endeavour to improve margins in the second half of the year.

The acquisition of 60% of Tiletoria was completed on 1 June 2007. Tiletoria's contribution to the group was not material during the period under review, but its expansion plans are well under way and it should start making a meaningful contribution in the next financial year.

#### Prospects

Bearing Man recently announced the acquisition of Goldquest International Hydraulics (Pty) Ltd, a specialist hydraulics components and services business in South Africa. This strategic acquisition will enable Bearing Man to broaden its product offering in industrial consumables and enable it to penetrate deeper into that market.

In addition, the group recently announced the acquisition of Doosan South Africa from Doosan Infracore Company Ltd, South Korea. Doosan Infracore manufactures excavators, loaders and skidsteer loaders and is one of the fastest growing construction equipment companies in the world. The acquisition will enable the Invicta group to broaden its product offering to the construction industry, and, while the Doosan distribution will be kept separate from Invicta's other construction equipment operations, synergies will be achieved through economies of scale.

The engineering consumables sector is expected to continue at current levels for the second half of the year, but management expects the sector to start showing signs of cooling down towards the end of the financial year, as the strong Rand and high interest rates in the country are expected to dampen demand for engineering consumables. Bearing Man is focusing on improving operational efficiencies which should help to counter any slowdown in revenue growth.

The agricultural sector remains buoyant and management does not expect any change to this in the coming period.

The acquisitions of Doosan and Goldquest are subject to conditions precedent and are expected to be completed towards the end of the current financial year. The group continues to pursue acquisitions, but will focus on consolidating the most recent acquisitions in the short term.

Earnings per share in the second half of the year are not anticipated to be higher than those of the second half of last year.

#### Dr C H Wiese

Chairman  
Cape Town

**A Goldstone**  
Managing Director  
9 November 2007

## Dividend

Notice is hereby given that an interim dividend of 47 cents per share has been declared. The last day to trade ("CUM" the dividend) in order to participate in the dividend will be Friday, 30 November 2007.

The shares of Invicta Holdings Limited will commence trading "EX" the dividend from Monday, 3 December 2007 and the record date will be Friday, 7 December 2007. The dividend will be paid to shareholders on Monday, 10 December 2007.

Share certificates may not be dematerialised or rematerialised between Monday, 3 December 2007 and Friday, 7 December 2007, both days inclusive.

In accordance with IAS10, the interim dividend of 47 cents per share declared by the directors and as shown in the share information, has not been reflected in the financial statements.

By order of the board

**C Barnard**  
Secretary

Johannesburg  
9 November 2007



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CE Walters\*, \* Non-executive \* Alternate

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