

UNAUDITED INTERIM RESULTS for the six months ended 30 September 2011



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

Revenue	Profit for the period	Earnings per share	Dividend
↑ 18%	↑ 21%	↑ 34%	↑ 35%

Consolidated condensed STATEMENT OF COMPREHENSIVE INCOME

	Change %	Unaudited 6 months ended 30 Sept 2011 R'000	Unaudited 6 months ended 30 Sept 2010 R'000	Audited year ended 31 Mar 2011 R'000
Revenue	18	2 563 000	2 172 773	4 533 801
Operating income	22	260 915	214 155	505 493
Interest and dividends received		319 698	296 195	490 132
Finance costs		(351 324)	(333 136)	(545 242)
Share of associate		587	527	871
Profit before taxation	29	229 876	177 741	451 254
Taxation		(26 204)	(9 152)	(25 032)
Profit for the period	21	203 672	168 589	426 222
Other comprehensive income:				
Profit on issue of treasury shares		19 567	-	-
Gain on change in degree of control in subsidiary		15 452	-	-
Exchange differences on translating foreign operations		3 624	(1 351)	(833)
Total comprehensive income for the period		242 315	167 238	425 389
Profit attributable to:				
Owners of the company		189 286	140 862	354 155
Non-controlling interest		14 386	27 727	72 067
		203 672	168 589	426 222
Total comprehensive income attributable to:				
Owners of the company		227 412	139 965	353 630
Non-controlling interest		14 903	27 273	71 759
		242 315	167 238	425 389
Earnings per share (cents)	34	269	201	504
Diluted earnings per share (cents)	29	252	195	480
Determination of headline earnings				
Attributable earnings		189 286	140 862	354 155
Adjustments				
- Net impairment of property, plant and equipment and goodwill		-	-	(4 271)
- Release of deferred profit on issue of shares by subsidiaries		(11 610)	-	(3 870)
- Net profit on disposal of property, plant and equipment		(1 456)	(1 192)	(117)
Total adjustments before taxation and non-controlling interest		(13 066)	(1 192)	(8 258)
Taxation		2 280	334	1 853
Non-controlling interest		-	172	632
Total adjustments		(10 786)	(686)	(5 773)
Headline earnings		178 500	140 176	348 382
Shares in issue				
Weighted average (000's)		70 356	70 174	70 211
At the end of the period (000's)		71 916	69 911	69 954
Number of shares used for diluted earnings per share (000's)		74 993	72 335	73 720
Headline earnings per share (cents)	27	254	200	496
Diluted headline earnings per share (cents)	23	238	194	473
Dividends per share* (cents)		77	57	183
- Interim	35	77	57	57
- Final		-	-	126

* In accordance with IAS 10, the interim dividend of 77 cents per share proposed by the directors has not been reflected in the interim results.

Consolidated condensed STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 months ended 30 Sept 2011 R'000	Unaudited 6 months ended 30 Sept 2010 R'000	Audited year ended 31 Mar 2011 R'000
Share capital			
Balance at beginning and end of period	3 724	3 724	3 724
Share premium			
Balance at beginning and end of period	282 715	282 715	282 715
Treasury shares			
Balance at beginning of period	(119 809)	(96 570)	(96 570)
Net treasury shares disposed (acquired)	9 599	(24 770)	(23 239)
Balance at the end of the period	(110 210)	(121 340)	(119 809)
Retained earnings			
Balance at beginning of period	1 391 305	1 198 882	1 198 882
Earnings attributable to ordinary shareholders	189 286	140 862	354 155
Share appreciation rights exercised	(4 901)	-	(50 920)
Profit on issue of treasury shares	19 567	-	-
Gain on change in degree of control in subsidiaries	15 452	-	961
Dividends paid	(90 234)	(71 896)	(111 773)
Balance at the end of the period	1 520 475	1 267 848	1 391 305
Other reserves			
Balance at beginning of period	53 330	54 215	54 215
Arising from the issue of share appreciation rights	4 511	(13 588)	19 226
Arising from share appreciation rights exercised	(14 685)	-	(19 586)
Arising on the issue of put option on ordinary shares acquired as part of the directors' loan scheme	4 600	-	-
Arising on translation of foreign operations	5 919	(1 351)	(525)
Balance at the end of the period	53 675	39 276	53 330
Attributable to equity shareholders	1 750 379	1 472 223	1 611 265
Non-controlling interest			
Balance at beginning of period	243 584	170 297	170 297
Earnings attributable to outside shareholders	14 386	27 273	72 067
Share of foreign currency translation reserve	1 170	-	(308)
Non-controlling interest acquired during the period	(202 617)	-	-
Net investment in subsidiaries	-	7 619	8 435
Dividends paid	(1 724)	(3 388)	(6 907)
Balance at the end of the period	54 799	201 801	243 584

Consolidated condensed STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 30 Sept 2011 R'000	Unaudited 6 months ended 30 Sept 2010 R'000	Audited year ended 31 Mar 2011 R'000
Cash flows from operating activities			
Cash generated from operations	99 273	167 774	626 547
Finance costs	(351 324)	(333 136)	(545 242)
Dividends paid to Group shareholders and non-controlling interest	(94 580)	(74 423)	(114 586)
Taxation paid	(11 877)	(26 100)	(48 377)
Interest and dividends received	319 698	296 195	490 132
Net cash (outflow) inflow from operating activities	(38 810)	30 310	408 474
Cash flows from investing activities			
Net cash effects of asset acquisitions	(28 754)	(6 525)	(95 038)
Net cash effects of other investing activities	(290 336)	(161 308)	(316 741)
Increase in long-term receivables including current portion	(75 005)	(168 507)	(254 553)
Net cash effects of treasury share investments	29 166	(24 770)	(23 239)
Net cash outflow from investing activities	(364 929)	(361 110)	(689 571)
Cash flows from financing activities			
Net cash effects of liabilities raised	333 057	324 887	475 046
Net cash inflow from financing activities	333 057	324 887	475 046
Net (decrease) increase in cash and cash equivalents	(70 682)	(5 913)	193 949
Cash and cash equivalents at the beginning of the period	408 656	214 707	214 707
Cash and cash equivalents at the end of the period	337 974	208 794	408 656

NOTES TO THE FINANCIAL INFORMATION

Basis of Preparation
The condensed financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the AC500 standards as issued by the Accounting Practices Board, the information as required by IAS 34: Interim Financial Reporting, the JSE Limited's Listings Requirements and in the manner required by the Companies Act of South Africa. The report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 31 March 2011, except for the adoption of IAS2, IFRS5, IAS7, IAS28, IAS31, IAS38 and IAS39 and has been prepared under the supervision of Craig Barnard, the Group Financial Director.

Acquisitions
The following acquisitions were made during the period ended 30 September 2011:
• Humulani Marketing (Pty) Limited's acquisitions for the current period amounted to R8 million.

Consolidated condensed STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Sept 2011 R'000	Unaudited 30 Sept 2010 R'000	Audited 31 Mar 2011 R'000
ASSETS			
Non-current assets	4 554 795	4 107 941	4 262 675
Property, plant and equipment	367 427	347 684	353 953
Financial investments	3 064 579	2 973 587	2 965 674
Goodwill and other intangible assets	355 628	317 743	362 453
Financial asset, finance lease and long-term receivable	693 520	405 170	510 655
Deferred taxation	73 641	63 757	69 940
Current assets	2 611 883	2 049 633	2 626 192
Inventories	1 304 191	1 185 391	1 381 615
Trade and other receivables	896 519	650 327	698 526
Current portion of financial investments, finance lease and long-term receivable	48 999	-	99 498
Tax prepaid	-	3 611	14 150
Bank balances and cash	362 174	210 304	432 403
Total assets	7 166 678	6 157 574	6 888 867
EQUITY AND LIABILITIES			
Capital and reserves	1 805 178	1 674 024	1 854 849
Attributable to equity shareholders	1 750 379	1 472 223	1 611 265
Non-controlling interest	54 799	201 801	243 584
Non-current liabilities	4 126 541	3 604 730	3 659 362
Long-term borrowings, guaranteed repurchase liability and financial liabilities	4 120 805	3 601 177	3 653 114
Deferred taxation	5 736	3 553	6 248
Current liabilities	1 234 959	878 820	1 374 656
Current portion of long-term borrowings and guaranteed repurchase liability	48 999	19 476	126 071
Trade, other payables and provisions	1 144 318	856 469	1 211 786
Tax liabilities	17 442	1 365	13 052
Bank overdrafts	24 200	1 510	23 747
Total equity and liabilities	7 166 678	6 157 574	6 888 867

SEGMENT INFORMATION

	Engineering consumables R'000	Capital equipment R'000	Group, financing and other operations R'000	Total R'000
Unaudited six months ended 30 September 2011				
Revenue	1 301 801	1 119 116	142 083	2 563 000
Operating income	159 393	93 904	7 618	260 915
Total assets	1 479 687	1 071 338	4 615 653	7 166 678
Total liabilities	374 870	706 977	4 279 653	5 361 500
Unaudited six months ended 30 September 2010				
Revenue	1 163 572	877 940	131 261	2 172 773
Operating income	142 090	54 380	17 685	214 155
Total assets	1 209 443	785 502	4 162 629	6 157 574
Total liabilities	287 538	566 206	3 629 806	4 483 550
Audited year ended 31 March 2011				
Revenue	2 387 363	1 876 542	269 896	4 533 801
Operating income	319 665	157 525	28 303	505 493
Total assets	1 450 792	1 081 667	4 356 408	6 888 867
Total liabilities	414 378	778 091	3 841 549	5 034 018

OTHER INFORMATION

	Unaudited 6 months ended 30 Sept 2011 R'000	Unaudited 6 months ended 30 Sept 2010 R'000	Audited year ended 31 Mar 2011 R'000
Net interest-bearing debt:equity ratio (excluding long-term funding debt secured by investments and loans) (%)	3	-	3
Depreciation and amortisation (R'000)	27 938	28 547	81 289
Net asset value per share (cents)	2 433,9	2 105,9	2 303,3
Tangible net asset value per share (cents)	1 939,4	1 651,4	1 785,2
Capital expenditure (R'000)	34 829	9 342	114 374
Contingent liabilities (R'000)	252	257	252
Capital commitments (R'000)	22 700	-	7 121

COMMENTS

FINANCIAL AND GROUP OVERVIEW

The Group has produced excellent results, once again confirming the quality of its underlying operations. During the period under review, global demand for resources continued to be firm, which underpinned demand for products supplied by BMG, the Group's industrial consumables business. Demand for agricultural machinery was substantially higher than last year, driven largely by good grain prices both locally and abroad. The construction machinery sector has continued to recover, resulting in this division improving its contribution to the profits of the Group.

Revenue for the 6 months under review exceeded R2,5 billion, an 18% increase over the comparative period last year. Most pleasing was the 22% increase in operating income to R261 million, which translates into a 10,2% return on sales, up from 9,8% for the comparative period last year.

Profit before taxation grew by 29% to R230 million, earnings per share by 34% to 269 cents per share and headline earnings per share by 27% to 254 cents per share.

During the year the Group facilitated and funded a change in BEE shareholders at its operational holding company level (Humulani Investments (Pty) Limited). The Group is pleased to now have as a 20% shareholder, the Humulani Empowerment Trust, a broad-based trust, together with the Humulani Employee Trust which was already a 5% shareholder in Humulani Investments (Pty) Limited. Both trusts are consolidated in terms of IFRS SIC12 Consolidation - Special Purpose Entities.

In August 2011, shareholders approved an executive loan scheme for Invicta Group executive directors, which, together with the issue of shares under the Group Long-Term Bonus Share Appreciation Scheme, resulted in the issue of 2 113 632 ordinary shares from treasury stock, which realised a profit of R19,6 million reflected in other comprehensive income.

The Group continued to invest in working capital, which resulted in cash generated from operations declining from R168 million to R99 million. During the period, the Group acquired 151 940 treasury shares and made a number of small acquisitions totalling R8 million. Preference share funding of R178 million was raised during the period and the Group ended the period with cash and cash equivalents of R338 million, a very healthy position.

BMG (BEARING MAN GROUP)

The sustained global demand for mineral resources has given rise to improved demand for industrial consumables in South Africa, the bulk of which are supplied into the mineral resources industry. Countering this, manufacturing activity in South Africa has fallen and is a source of concern to the Group.

BMG has continued to trade strongly, with the majority of its divisions showing growth over the prior period. Revenue and operating profit increased by 12%, with concomitant good cash generation. While overall trading has been good, margins remain under pressure, as does the business environment, as concerns about the sustainability of the global resources boom grow.

BMG has increased inventory by approximately R100 million, to over R800 million, in the current period as a result of a strategic decision taken in 2010 to increase the inventory of key product lines. This should prove to be key to good performance in the second half of the year, as supplier lead times remain challenging.

CEG (CAPITAL EQUIPMENT GROUP)

High maize and wheat prices have resulted in a surge in demand for agricultural equipment in the period under review. Tractor sales volumes in the industry as a whole have grown by over 50% year-on-year and combine harvesters by 30%. CEG capitalised on this demand, which resulted in its revenue increasing by 27% to over R1,1 billion for the period.

The construction machinery sector has started growing again after declining by more than 50% over the past two years, resulting in this division making a meaningful contribution to the CEG's results during the period.

Criterion Equipment is growing steadily and is also making a good contribution to CEG profits. Continued strong working capital management and the increased sales have resulted in good cash generation in CEG.

OTHER OPERATIONS

The Group has now bedded down its distribution outlet network for Tiletoria, and although it did not make a material contribution to the Group during the period, it is profitable and is projected to continue growing steadily.

PROSPECTS

If the current trading conditions persist, the Board remains confident of the continued success of the Group for the remainder of the year. Rand volatility may create some instability as it may render pricing of goods difficult. Currency management and cash generation will therefore remain a key management focus. The Group has identified a number of acquisitions which it is currently considering and hopes to conclude by year-end.

The Group continues with its dividend policy of 3,5 times dividend cover at interim stage. Accordingly the Board is pleased to announce a dividend of 77 cents per ordinary share, up 35% from last year.

DIVIDEND

The board has declared an interim dividend of 77 cents per share.

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

Last date to trade "CUM" dividend	Friday, 25 November 2011
First date of trading "EX" dividend	Monday, 28 November 2011
Record date	Friday, 2 December 2011
Payment date	Monday, 5 December 2011

Share certificates may not be dematerialised or rematerialised on Monday, 28 November 2011 and Friday, 2 December 2011, both days inclusive.

By order of the Board

C Barnard

Secretary

Cape Town
7 November 2011

Registered office: Invicta Holdings Limited, 3rd Floor, Pepkor House,