



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



Revenue ↑ 14,2% • Profit for the year ↑ 16,6% • Headline earnings per share ↑ 12,5% • Final dividend ↑ 23,5%

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March

	% change	2011 R'000	2010 R'000
Revenue	14,2	4 533 801	3 968 872
Operating income	11,5	505 493	453 293
Interest and dividends received		490 132	408 498
Finance costs		545 242	432 886
Share of associate		871	639
Profit before taxation	5,1	451 254	429 544
Taxation		25 032	64 155
Profit for the year	16,6	426 222	365 389
Non-controlling interest		72 067	44 493
Attributable to ordinary shareholders	10,4	354 155	320 896
Earnings per share (cents)	11,3	504	453
Diluted earnings per share (cents)	8,8	480	441
Determination of headline earnings			
Attributable earnings		354 155	320 896
Adjustments			
- Negative goodwill on business combination		-	(7 952)
- Net impairment of property, plant and equipment		(4 271)	190
- Goodwill impaired		-	3 442
- Release of deferred profit on issue of shares by subsidiaries		(3 870)	(3 870)
- Profit on disposal of property, plant and equipment		(117)	(3 732)
Total adjustments before taxation and non-controlling interest		(8 258)	(11 922)
Taxation		1 853	1 616
Non-controlling interest		632	1 412
Total adjustments		(5 773)	(8 894)
Headline earnings	11,7	348 382	312 002
Shares in issue			
Weighted average (000's)		70 211	70 779
At the end of the year (000's)		69 954	70 712
Number of shares used for diluted earnings per share (000's)		73 720	72 767
Headline earnings per share (cents)	12,5	496	441
Diluted headline earnings per share (cents)	10,3	473	429
Dividends per share* (cents)	21,2	183	151
- Interim	16,3	57	49
- Final	23,5	126	102

* In accordance with IAS10 the final dividend of 126 cents per share proposed by the directors has not been reflected in the year-end results.

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

for the year ended 31 March

	2011 R'000	2010 R'000
Cash flows from operating activities		
Cash generated from operations	626 547	590 226
Finance costs	(545 242)	(432 886)
Dividends paid	(114 586)	(96 389)
Taxation paid	(48 377)	(25 329)
Interest and preference dividends received	490 132	408 498
Net cash inflow from operating activities	408 474	444 120
Cash flows from investing activities		
Net cash effects of asset acquisitions	(95 038)	(74 458)
Net cash effects of other investing activities	(315 241)	(191 556)
Increase in long-term receivables	(256 053)	(6 721)
Net cash effects of treasury share investments	(23 239)	(2 323)
Net cash outflow from investing activities	(689 571)	(275 058)
Cash flows from financing activities		
Net cash effects of liabilities raised	475 046	177 104
Net cash inflow from financing activities	475 046	177 104
Net increase in cash and cash equivalents	193 949	346 166
Cash and cash equivalents at the beginning of the year	214 707	(131 459)
Cash and cash equivalents at the end of the year	408 656	214 707

SEGMENT INFORMATION

for the year ended 31 March

	Engineering consumables R'000	Capital equipment and spares R'000	Group, financing and other operations R'000	Total R'000
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
2010				
Revenue	2 018 304	1 749 538	201 030	3 968 872
Operating income	292 673	123 441	37 179	453 293
Total assets	1 233 928	884 232	3 818 954	5 937 114
Total liabilities	300 217	631 884	3 391 750	4 323 851

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

as at 31 March

	2011 R'000	2010 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	353 953	312 860
Financial investments	2 965 674	2 882 206
Goodwill and other intangible assets	362 453	255 326
Long-term loans and financial asset	510 655	186 270
Deferred taxation	69 940	69 852
Current assets	2 626 192	2 230 600
Inventories	1 381 615	1 298 795
Trade and other receivables	698 526	670 979
Short-term receivables	99 498	-
Tax prepaid	14 150	273
Bank balances and cash	432 403	260 553
Total assets	6 888 867	5 937 114
EQUITY AND LIABILITIES		
Capital and reserves		
Attributable to ordinary shareholders	1 611 265	1 442 966
Non-controlling interest	243 584	170 297
Non-current liabilities	3 659 362	3 223 347
Long-term and financial liabilities	3 653 114	3 209 058
Deferred taxation	6 248	14 289
Current liabilities	1 374 656	1 100 504
Short-term borrowings and financial liabilities	126 071	18 056
Trade, other payables and provisions	1 211 786	1 023 315
Tax liabilities	13 052	13 287
Bank overdrafts and bankers' acceptances	23 747	45 846
Total equity and liabilities	6 888 867	5 937 114

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March

	2011 R'000	2010 R'000
Share capital		
Balance at beginning and end of the year	3 724	3 724
Share premium		
Balance at beginning and end of the year	282 715	282 715
Treasury shares		
Balance at beginning of the year	(96 570)	(94 247)
Treasury shares acquired	(23 239)	(2 323)
Balance at end of the year	(119 809)	(96 570)
Retained earnings		
Balance at beginning of the year	1 198 882	972 824
Earnings attributable to ordinary shareholders	354 155	320 896
Share appreciation rights exercised	(50 920)	-
Change in degree of control in subsidiaries	961	-
Dividends paid	(111 773)	(94 838)
Balance at end of the year	1 391 305	1 198 882
Other reserves		
Balance at beginning of the year	54 215	41 039
Arising from the issue of share appreciation rights	19 226	22 045
Arising from share appreciation rights exercised	(19 586)	-
Revaluation reserve written off on liquidation of Group company	-	(3 169)
Arising on translation of foreign operations	(525)	(5 700)
Balance at end of the year	53 330	54 215
Attributable to equity shareholders	1 611 265	1 442 966
Non-controlling interest		
Balance at beginning of the year	170 297	130 196
Earnings attributable to outside shareholders	72 067	44 493
Share of foreign currency translation reserve	(308)	(1 949)
Net investment in subsidiaries	8 435	1 510
Dividends paid	(6 907)	(3 953)
Balance at end of the year	243 584	170 297

OTHER INFORMATION

	2011	2010
Net interest-bearing debt:equity ratio (excluding long-term funding debt secured by investments and loans) (%)	3	-
Depreciation and amortisation (R'000)	81 289	32 356
Net asset value per share (cents)	2 303,3	2 040,6
Tangible net asset value per share (cents)	1 785,2	1 679,5
Capital expenditure (R'000)	114 374	83 424
Contingent liabilities (R'000)	252	313
Capital commitments (R'000)	7 121	988

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 2010, except for the adoption of IAS2, IFRS5, IAS7, IAS28, IAS31, IAS38 and IAS39.

COMMENTS

FINANCIAL OVERVIEW

The Group has once again delivered good results. Global markets have started to recover from the recent financial crisis, leading to increased demand for products supplied by the Group. The strong Rand continues, however, to put pressure on margins.

Group revenue grew by 14,2% to R4,534 billion, of which R227 million (5,0%) was from acquisitions. As a result of continued margin and inflationary pressures, operating income increased by only 11,5% to R505 million, still an acceptable performance.

Profit for the year increased by 16,6% to R426 million, resulting in headline earnings per share increasing by 12,5% to 496 cents per share. Good working capital management resulted in cash generated from operations reaching a record R627 million, an increase of 6,2% over the prior year.

The Group continued to take advantage of growth opportunities and made a number of strategic acquisitions totalling R135 million. The most significant of these were the acquisitions by BMG of some of its strategic agency outlets, 70% of Wegezi Power Holdings (Pty) Limited and a number of smaller hydraulics businesses. Wegezi manufactures and repairs transformers, electric motors and pumps.

BMG (BEARING MAN GROUP)

BMG continues to be the core profit contributor to the Invicta Group, contributing 63,2% of the operating income for the year. The industrial consumables trading environment continued to prove challenging, with areas of improvement in some sectors offset by weakness in others. Under the circumstances, BMG has produced a most satisfactory set of results.

Volumes have generally increased, but the strong Rand resulted in a decline in gross margins. Revenue increased by 18,3% from R2,018 billion to R2,387 billion; 7,6% (R154 million) from organic growth and 10,7% (R215 million) from acquisitions. Reduced gross margins and higher operating costs resulted in operating income increasing by only 9,2%. During the year, a strategic decision was taken to increase selected inventory categories which has resulted in BMG being well stocked at year-end and, as a result, the earthquake in Japan has had a relatively minor impact on BMG's operations.

CEG (CAPITAL EQUIPMENT GROUP)

The CEG has again delivered an overall pleasing result. Total revenue of the Capital Equipment Group increased by 7,3% to R1,877 billion. A minor acquisition was made during the year, but did not have any impact on the results. A greater contribution from spares and service revenue combined with good cost control resulted in operating profit increasing by 27,6% to R158 million. The segment's annualised operating profit return on capital employed continued to be at excellent levels.

Volumes in the agricultural machinery sector have improved marginally over last year, ensuring consistent performance in this division. There has been a gradual recovery of volumes in the construction equipment sector, albeit from a very low base. However, the steps taken by CEG in its construction equipment division following the global financial crisis have resulted in a material improvement in its contribution to CEG's operating profit. The materials handling division (Criterion Equipment) also made a good contribution to profits.

OTHER OPERATIONS

Tiletoria expanded its distribution network by moving to new premises in Durban and opening a branch in Johannesburg. The Group has continued to invest in the infrastructure of Tiletoria and, whilst not contributing in any significant way at present, Tiletoria should grow substantially in the next few years.

PROSPECTS

Trading conditions in the sectors in which the Group operates appear to be improving gradually. The current strength of the Rand continues to be a source of concern as it is likely to maintain pressure on margins and reduce the income of key customers who operate in export orientated sectors. The Group will continue to focus on improving operational efficiencies and to make acquisitions to grow steadily.

BMG has grown its base by making strategic acquisitions and will continue to do so as and when opportunities arise.

In the CEG, agricultural equipment conditions are better than anticipated. Grain prices have recovered from last year's lows and should support a steady demand for agricultural equipment. Conditions in the construction equipment market are gradually improving, albeit off a low base.

The recent earthquake in Japan has affected some of the Group's suppliers, but not materially. The resultant effect on the Group has been minimal. About 21% of the Invicta Group's revenue is from Japanese products. The Group's supplier factories are, in the main, based in the southern part of Japan, which is well away from the north-eastern area which was affected by the disaster. Some have been affected by disruption in supply to them from component manufacturers, but disruption to supply to the Invicta Group has so far been minimal. The Invicta Group is well stocked and does not anticipate any material disruption due to the consequences of the earthquake in Japan.

In keeping with its intention of growing the Group, the Board has decided to strike a balance between retaining cash for growth and paying dividends. In the result, the annual dividend cover has henceforth been fixed at 2,75 times earnings per share, resulting in a final dividend of 126 cents per share, an increase of 23,5%.

The Board remains confident of the continued success of the Group.

FURTHER CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcement dated 13 April 2011 where they were advised that Invicta has entered into negotiations with their BEE partners, aloeCap (Pty) Limited, for the possible restructuring of their 20% interest in Humulani Investments (Pty) Limited, an Invicta subsidiary, which, if successfully concluded, may have a material effect on the price of the Company's securities.

Shareholders are advised that negotiations are still in progress, and must continue to exercise caution when dealing in the shares of Invicta until a further announcement is made.

AUDIT OPINION

The auditors, Deloitte & Touche, have issued their opinion on the Group's financial statements for the year ended 31 March 2011. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These summarised provisional financial statements have been derived from the Group financial statements and are consistent in all material respects, with the Group financial statements. A copy of their audit report is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

DIVIDENDS

The Board has declared a final dividend of 126 cents per share for the year ended 31 March 2011.

The following dates are applicable:
Last date to trade "CUM" dividend Friday, 1 July 2011
First date to trade "EX" dividend Monday, 4 July 2011
Record date Friday, 8 July 2011
Payment date Monday, 11 July 2011

Share certificates may not be dematerialised or rematerialised between Monday, 4 July 2011 and Friday, 8 July 2011, both days inclusive.

By order of the Board

C Barnard
Secretary

Cape Town
1 June 2011

