



- Revenue up 34%
- Earnings per share up 38%
- Dividend up 22%
- Strong cash flow

# Unaudited Group results

for the six months ended 30 September 2006

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

## Income statement

	Unaudited six months ended 30 Sept 2006 R'000	Unaudited six months ended 30 Sept 2005 R'000	% change	Audited year ended 31 March 2006 R'000
Revenue	1 256 634	938 092	34	1 913 204
Operating income	105 488	90 161	17	197 843
Interest and preference dividend received	65 584	697		21 396
Finance costs	87 521	(7 337)		40 552
Profit before taxation	83 551	83 521		178 687
Taxation	10 445	30 894		53 522
Profit for the period	73 106	52 627	40	125 165
Outside shareholders	(316)	477		290
Attributable to ordinary shareholders	72 790	53 104	37	125 455
<b>Earnings per share (cents)</b>	<b>99</b>	<b>72</b>	<b>38</b>	<b>170</b>
<b>Diluted earnings per share (cents)</b>	<b>98</b>	<b>72</b>	<b>36</b>	<b>169</b>
<b>Determination of headline earnings</b>				
Attributable earnings	72 790	53 104		125 455
Adjustments – after taxation and minority interests where applicable				
– Profit on disposal of interest in subsidiary	(740)	–		–
– (Profit)/Loss on disposal of property, plant and equipment	(340)	517		(29)
<b>Headline earnings</b>	<b>71 710</b>	<b>53 621</b>		<b>125 426</b>
<b>Shares in issue</b>				
Weighted average (000s)	73 861	73 861		73 861
At the end of the period (000s)	73 861	73 861		73 861
Number of shares used for diluted earnings per share (000s)	74 441	74 213		74 246
<b>Headline earnings per share (cents)</b>	<b>97</b>	<b>73</b>	<b>33</b>	<b>170</b>
<b>Diluted headline earnings per share (cents)</b>	<b>96</b>	<b>73</b>	<b>32</b>	<b>169</b>
<b>Dividends per share* (cents)</b>				<b>68</b>
Interim	33	27	22	27
Final				41

\* In accordance with IAS10, the final dividend of 33 cents per share proposed by the directors has not been reflected in the annual financial statements.

## Balance sheet

	Unaudited six months ended 30 Sept 2006 R'000	Unaudited six months ended 30 Sept 2005 R'000	Audited year ended 31 March 2006 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>1 553 260</b>	<b>337 642</b>	<b>1 547 755</b>
Property, plant and equipment	121 163	113 264	123 220
Investments	1 195 303	202	1 195 303
Goodwill and other intangible assets	204 282	197 301	203 701
Deferred taxation	26 824	21 187	19 843
Loan receivable	5 688	5 688	5 688
<b>Current assets</b>	<b>1 032 473</b>	<b>800 205</b>	<b>949 924</b>
Inventories	672 300	566 937	633 901
Accounts receivable	360 173	233 268	289 655
Bank balances and cash	–	–	26 368
	<b>2 585 733</b>	<b>1 137 847</b>	<b>2 497 679</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>767 714</b>	<b>663 745</b>	<b>718 531</b>
Ordinary shareholders' funds	762 683	662 402	716 296
Outside shareholders' interest	5 031	1 343	2 235
<b>Non-current liabilities</b>	<b>1 212 436</b>	<b>15 770</b>	<b>1 203 060</b>
Long-term borrowings	1 212 436	15 770	1 203 060
<b>Current liabilities</b>	<b>605 583</b>	<b>458 332</b>	<b>576 088</b>
Bank overdrafts and bankers' acceptances	19 614	108 645	105 642
Short-term borrowings	18 916	5 212	19 984
Accounts payable and provisions	567 053	344 475	450 462
	<b>2 585 733</b>	<b>1 137 847</b>	<b>2 497 679</b>

## Cash flow statement

	2006	2005	2006
<b>Cash flows from operating activities</b>			
Cash generated from operations	199 558	(8 736)	98 372
Finance costs	(87 521)	(6 640)	(40 552)
Dividends paid	(30 235)	(35 531)	(46 494)
Taxation paid	(13 793)	(38 511)	(58 704)
Interest and dividend received	65 584	–	21 396
Net cash (outflow) inflow from operating activities	133 593	(89 418)	(25 982)
<b>Cash flows from investing activities</b>			
Net cash effects of asset acquisitions	(3 635)	(13 464)	(31 129)
Net cash effects of other investing activities	(60 559)	(306 320)	(1 523 416)
<b>Cash flows from financing activities</b>			
Net cash effects of shares issued	–	271 505	271 505
Net cash effects of borrowings raised	(9 739)	2 949	1 203 645
Net increase/(decrease) in cash and cash equivalents	59 660	(134 748)	(105 377)
Cash and cash equivalents at the beginning of the period	(79 270)	26 103	26 103
Cash and cash equivalents at the end of the period	(19 614)	(108 645)	(79 274)

## Notes to the financial information

### Basis of preparation

The consolidated financial statements have been prepared in accordance with IAS34 Interim Financial Reporting and International Financial Reporting Standards. The principal accounting policies as set out in the Group's 2006 annual report have been consistently applied throughout the six month period under review.

Segment information on these businesses is presented below:

	Engineering consumables	Capital equipment and spares	Non segment allocations	Total
<b>Unaudited six months ended 30 September 2006</b>				
Revenue	638 057	618 577	–	1 256 634
Operating profit before finance costs, interest and preference dividend received	79 277	25 772	439	105 488
<b>Balance sheet</b>				
Assets	705 496	685 137	1 195 100	2 585 733
Liabilities	251 161	371 758	1 195 100	1 818 019
<b>Unaudited six months ended 30 September 2005</b>				
Revenue	580 847	357 245	–	938 092
Operating profit before finance costs, interest and preference dividend received	70 719	20 071	(629)	90 161
<b>Balance sheet</b>				
Assets	659 901	477 946	–	1 137 847
Liabilities	240 975	233 127	–	474 102

The Group has not reported segment information by geographical location as the operations occur substantially within Southern Africa.

## Statement of changes in equity

	Unaudited six months ended 30 Sept 2006 R'000	Unaudited six months ended 30 Sept 2005 R'000	Audited year ended 31 March 2006 R'000
<b>SHARE CAPITAL</b>			
Balance at beginning of period	3 693	2 894	2 894
Shares issued	–	799	799
Balance at end of period	3 693	3 693	3 693
<b>SHARE PREMIUM</b>			
Balance at beginning of period	277 058	6 352	6 352
Shares issued	–	270 706	270 706
Balance at end of period	277 058	277 058	277 058
<b>ACCUMULATED PROFITS</b>			
Balance at beginning of period	426 673	354 902	347 787
Earnings attributable to ordinary shareholders	72 790	53 104	125 455
Dividends paid	(30 282)	(26 626)	(46 569)
Balance at end of period	469 181	381 380	426 673
<b>OTHER RESERVES</b>			
Balance at beginning of period	8 872	(152)	8 042
Arising from the issue of share appreciation rights	3 634	–	–
Arising on translation of foreign operations	245	423	830
Balance at end of period	12 751	271	8 872
Ordinary shareholders' funds	762 683	662 402	716 296
<b>OUTSIDE SHAREHOLDERS' INTEREST</b>			
Balance at beginning of period	2 235	163 739	163 739
Earnings attributable to outside shareholders	316	(477)	(290)
Net investment in subsidiaries	2 480	(161 919)	(161 214)
Balance at the end of period	5 031	1 343	2 235
<b>Other information</b>			
Debt: Equity ratio (%) (excluding the long-term BEE funding debt secured by investments)	7	20	18
Depreciation and amortisation (R'000)	11 088	10 691	22 566
Net asset value per share (cents)	1 032,6	896,8	969,8
Tangible net asset value per share (cents)	756,0	647,9	694,0
Capital commitments (R'000)	2 600	2 646	–
Contingent liabilities (R'000)	3 991	4 362	3 954

## Comments

### Group activities

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

- Engineering consumables comprising bearings, belts, seals, power transmission products, geared motors and fasteners (Bearing Man)
- Agricultural machinery and equipment (Northmec and New Holland)
- Construction and earthmoving equipment, turf grooming equipment and golf utility cars (CSE)
- Automotive and motorcycle parts (Autobax)

### Financial overview

The Group experienced improved trading conditions in all its sectors, leading to strong growth in the Group. Group turnover grew by a healthy R319 million (34%), R147 million thereof being attributable to New Holland, (acquired 1 April 2006), and operating income grew by 17% to R105 million. Earnings attributable to ordinary shareholders improved by 37% to R73 million, which translates into earnings per share of 99 cps, up 38% on last year.

The engineering consumables sector is showing positive signs after a few years of minimal growth. In particular, in the latter part of the period under review, activity in the sector picked up, with the weaker Rand improving conditions for exporters. Turnover in Bearing Man was up 10% to R638 million, and operating profit improved by 12% to R79 million.

The agricultural machinery sector has improved considerably since last year, with maize plantings this year expected to be at least 50% up on last year. This has contributed to Northmec's turnover improving by 68% compared to the first half of last year. The acquisition of New Holland has been bedded down successfully, but it is not expected to contribute to profits until the next financial year. During the period under review, it incurred an operating loss of R4 million (after once-off restructuring costs). We expect New Holland to return to its leading position in the agricultural machinery industry soon.

The construction machinery sector is still experiencing strong growth although there are signs that it is starting to cool down. The supply chain problems previously experienced by this division have largely been resolved, and management expects to be able to grow sales as a result. Competition in the industry is however severe, which will put margins under pressure.

The Group's focus on cash management has resulted in greatly improved cashflow. Cash generated by operations for the six month period was R200 million, more than double that for the full 2006 financial year. This has led to the Debt:Equity ratio improving to a healthy 7% from 20% in September 2005.

The interim dividend of 33 cps returns the Group to its policy of 3 times cover at the interim stage, although it deviated from this last year when the interim dividend cover was 2.7 times. The Group's policy for full year dividends is cover of not less than 2.5 times.

### Prospects

The all-round improved conditions in the sectors in which the Group is active indicate that the Group's strong performance should continue in the second half of the financial year.

Negotiations for the conclusion of a BEE transaction are advancing well and, pending the release by government of the final Codes of Good Practice for Broad Based BEE, the Group hopes to conclude negotiations before the end of the financial year.

Management will continue to focus on improving operational efficiencies and to seek suitable acquisitions.

### Dr C H Wiese

Chairman

### A Goldstone

Managing Director  
Cape Town  
17 November 2006

## Dividend

Notice is hereby given that an interim dividend of 33 cents per share has been declared. The last day to trade ("CUM" the dividend) in order to participate in the dividend will be Friday, 1 December 2006.

The shares of Invicta Holdings Limited will commence trading "EX" the dividend from Monday, 4 December 2006 and the record date will be Friday, 8 December 2006. The dividend will be paid to members on Monday, 11 December 2006.

Share certificates may not be dematerialised or rematerialised between Monday, 4 December 2006 and Friday, 8 December 2006, both days inclusive.

In accordance with IAS10, the interim dividend of 33 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  
17 November 2006