



# UNAUDITED INTERIM RESULTS

for the six months ended  
30 September 2012

## Consolidated condensed STATEMENT OF COMPREHENSIVE INCOME

	Change %	Unaudited 6 months ended 30 Sept 2012 R'000	Unaudited 6 months ended 30 Sept 2011 R'000	Audited year ended 31 Mar 2012 R'000
Revenue	37	3 514 126	2 563 900	5 599 464
Operating income	21	314 709	260 915	634 585
Interest and dividends received		261 980	319 698	546 947
Finance costs		(318 908)	(351 324)	(598 354)
Share of profits of associate		671	587	1 022
Profit before taxation	12	258 452	229 876	584 200
Taxation		(21 530)	(26 204)	(69 572)
Profit for the period	16	236 922	203 672	514 628
<b>Other comprehensive income:</b>				
Profit on treasury shares utilised to settle share appreciation rights		16 669	19 567	15 670
Profit on disposal of treasury shares to directors		–	–	9 303
Net (loss) gain on change in control in subsidiaries		(2 166)	15 452	21 347
Exchange differences on translating foreign operations		(1 706)	3 624	4 763
<b>Total comprehensive income for the period</b>		<b>249 789</b>	<b>242 315</b>	<b>565 711</b>
<b>Profit attributable to:</b>				
Owners of the company		225 880	189 286	491 596
Non-controlling interest		11 042	14 386	23 032
		236 922	203 672	514 628
<b>Total comprehensive income attributable to:</b>				
Owners of the company		238 274	227 412	542 255
Non-controlling interest		11 515	14 903	23 456
		249 789	242 315	565 711
<b>Earnings per share (cents)</b>	16	<b>312</b>	269	698
<b>Diluted earnings per share (cents)</b>	18	<b>298</b>	252	652
<b>Determination of headline earnings</b>				
Attributable earnings		225 880	189 286	491 596
Adjustments:				
– Net impairment of property, plant and equipment		–	–	13 554
– Goodwill impaired		569	–	1 137
– Release of deferred profit on issue of shares by subsidiaries		–	(11 610)	(11 610)
– Profit on disposal of investment		–	–	(5 914)
– Net profit on disposal of property, plant and equipment		(13)	(1 456)	(2 625)
Total adjustments before taxation and non-controlling interest		556	(13 066)	(5 458)
Taxation		4	2 280	(345)
Non-controlling interest		–	–	(1 800)
Total adjustments		560	(10 786)	(7 603)
<b>Headline earnings</b>		<b>226 440</b>	<b>178 500</b>	<b>483 993</b>
<b>Headline earnings per share (cents)</b>	23	<b>313</b>	254	687
<b>Diluted headline earnings per share (cents)</b>	25	<b>298</b>	238	642
<b>Shares in issue</b>				
Weighted average (000's)		72 433	70 356	70 405
At the end of the period (000's)		72 531	71 916	72 123
Number of shares used for diluted earnings per share (000's)		75 918	74 993	75 416
<b>Headline earnings per share (cents)</b>	23	<b>313</b>	254	687
<b>Earnings per share (cents)</b>	16	<b>312</b>	269	698
<b>Dividends per share* (cents)</b>		<b>89</b>	77	254
– Interim	16	89	77	77
– Final		–	–	177

\* In accordance with IAS 10, the interim dividend of 89 cents per share proposed by the directors has not been reflected in the interim results.

## OTHER INFORMATION

	Unaudited 6 months ended 30 Sept 2012 R'000	Unaudited 6 months ended 30 Sept 2011 R'000	Audited year ended 31 Mar 2012 R'000
Net interest-bearing debt:equity ratio (excluding long-term funding debt secured by investments and loans) (%)	35	3	25
Depreciation and amortisation (R'000)	33 869	27 938	61 365
Net asset value per share (cents)	2 685,4	2 433,9	2 707,0
Tangible net asset value per share (cents)	1 756,4	1 939,4	2 129,3
Capital expenditure (R'000)	47 491	34 829	109 278
Contingent liabilities (R'000)	–	252	240
Capital commitments (R'000)	7 118	22 700	6 014

## COMMENTS

### 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) of the International Accounting Standards Board, 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 the requirements of 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 2012, except for the adoption of IFRS9, IFRS10, IFRS12, IFRS13, IAS1, IAS16, IAS19, IAS27, IAS28, IAS32 and IAS34 and has been prepared under the supervision of Craig Barnard CA(SA), the Group Financial Director.

**Acquisitions**  
Various acquisitions were made during the period ended 30 September 2012, amounting to R394 million.

**Events after the reporting date**  
The Group has announced the proposed acquisition of Kian Ann Engineering Limited for an amount of approximately R1 360 million as announced on 15 October 2012.

**FINANCIAL OVERVIEW**  
The Group has again delivered outstanding results in markets which experienced mixed fortunes. The industrial consumables market in South Africa (served by BMG) experienced tough trading conditions, which was worsened by labour unrest in the mining and freight transport sectors. The capital equipment markets (served by CEG) enjoyed relatively better conditions with sustained demand for product, especially in the agricultural machinery market.

Group revenue grew by 37% to R3,514 billion, of which R323 million (13%) was from acquisitions. Margin pressure, the acquisition of lower gross margin businesses and inflationary increases in costs resulted in operating income growing by 21% to R315 million.

Profit for the period increased by 16% to R237 million, while headline earnings per share grew by 23% to 313 cents per share. Working capital management was good, resulting in cash generated from operations of R276 million, up from R99 million in the comparable period last year.

The Group announced the proposed acquisition of Kian Ann Engineering Limited (Kian Ann) on 15 October 2012. Kian Ann is a large distributor of heavy earthmoving equipment parts and diesel engine spares listed on the Singapore Stock Exchange, with an annual turnover of more than R1,1 billion. The Kian Ann acquisition will take the Invicta Group to the global stage of distribution of these products as Kian Ann distributes to over 50 countries worldwide. The transaction is subject to various conditions precedent which are expected to be concluded in early 2013.

The Group continued to take advantage of domestic growth opportunities by making a number of strategic acquisitions totalling R394 million. The most significant of these was the acquisition by BMG of Man-Dirk, a leading industrial distributor of tools and equipment to the mining and industrial sector.

The Group has also recently announced a Capital raising of at least R600 million of perpetual preference shares, in order to strengthen its equity base.

**BEARING MAN GROUP (BMG)**  
BMG experienced tough trading conditions during the period under review. The mining strikes also affected many support industries to mining. The period also saw weakness in the steel and automotive sectors, significant market segments for BMG. Notwithstanding, it is most pleasing to report that BMG grew revenue by 26%, of which 12% came from organic growth and 14% from acquisitions.

## Consolidated condensed STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Sept 2012 R'000	Unaudited 30 Sept 2011 R'000	Audited 31 Mar 2012 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>5 202 148</b>	<b>4 554 795</b>	<b>4 637 190</b>
Property, plant and equipment	467 616	367 427	391 018
Financial investments and investment in associate	3 167 283	3 064 579	3 042 793
Goodwill and other intangible assets	673 859	355 628	416 606
Financial asset, finance lease and long-term receivables	806 015	693 520	701 776
Deferred taxation	87 375	73 641	84 997
<b>Current assets</b>	<b>3 901 746</b>	<b>2 611 883</b>	<b>3 722 236</b>
Inventories	2 247 242	1 304 191	2 084 662
Trade and other receivables	1 134 491	896 519	869 184
Current portion of financial investments, finance lease and long-term receivables	68 134	48 999	125 605
Taxation prepaid	27 093	–	1 694
Bank balances and cash	424 786	362 174	641 091
<b>Total assets</b>	<b>9 103 894</b>	<b>7 166 678</b>	<b>8 359 426</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>2 020 009</b>	<b>1 805 178</b>	<b>2 011 658</b>
Equity attributable to equity shareholders	1 951 319	1 750 379	1 952 337
Non-controlling interest	68 690	54 799	59 321
<b>Non-current liabilities</b>	<b>4 845 376</b>	<b>4 126 541</b>	<b>4 298 580</b>
Long-term borrowings, guaranteed repurchase liabilities and financial liabilities	4 839 789	4 120 805	4 293 813
Deferred taxation	5 587	5 736	4 767
<b>Current liabilities</b>	<b>2 238 509</b>	<b>1 234 959</b>	<b>2 049 188</b>
Current portion of long-term borrowings and guaranteed repurchase liabilities	124 290	48 999	163 049
Trade, other payables and provisions	2 066 646	1 144 318	1 804 728
Tax liabilities	3 307	17 442	26 328
Bank overdrafts	44 266	24 200	55 083
<b>Total equity and liabilities</b>	<b>9 103 894</b>	<b>7 166 678</b>	<b>8 359 426</b>

## Consolidated condensed STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 30 Sept 2012 R'000	Unaudited 6 months ended 30 Sept 2011 R'000	Audited year ended 31 Mar 2012 R'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	275 746	99 273	534 218
Finance costs	(318 908)	(351 324)	(598 354)
Dividends paid to Group shareholders and non-controlling interest	(136 003)	(94 580)	(155 633)
Share appreciation rights exercised	(156 228)	–	(86 932)
Profit on treasury shares disposed in terms of the directors' loan scheme	–	–	9 303
Profit on treasury shares utilised to settle share appreciation rights	16 669	–	15 670
Taxation paid	(55 895)	(11 877)	(62 466)
Interest and dividends received	261 980	319 698	546 947
<b>Net cash (outflow) inflow from operating activities</b>	<b>(112 639)</b>	<b>(38 810)</b>	<b>202 753</b>
<b>Cash flows from investing activities</b>			
Net cash effects of acquisitions of property, plant and equipment and intangible assets	(35 531)	(28 754)	(95 154)
Net cash effects of other investing activities	–	(290 336)	–
Acquisition of subsidiaries	(255 153)	–	(152 808)
Acquisition of non-controlling interest	–	–	(177 525)
Increase in long-term receivables including current portion	(102 489)	(75 005)	(335 398)
Increase in investments	(80 854)	–	–
Dividends received from associate	500	–	1 100
Treasury shares purchased	–	(7 985)	(7 985)
Treasury shares disposed in terms of directors' loan scheme	–	17 497	17 497
Treasury shares utilised to settle share appreciation rights	24 464	19 654	16 366
<b>Net cash outflow from investing activities</b>	<b>(449 063)</b>	<b>(364 929)</b>	<b>(733 907)</b>
<b>Cash flows from financing activities</b>			
Net cash effects of liabilities raised	356 214	333 057	718 919
Cancellation of issued shares	–	–	(10 413)
<b>Net cash inflow from financing activities</b>	<b>356 214</b>	<b>333 057</b>	<b>708 506</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(205 488)</b>	<b>(70 682)</b>	<b>177 352</b>
Cash and cash equivalents at the beginning of the period	586 008	408 656	408 656
<b>Cash and cash equivalents at the end of the period</b>	<b>380 520</b>	<b>337 974</b>	<b>586 008</b>

## Consolidated condensed STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 months ended 30 Sept 2012 R'000	Unaudited 6 months ended 30 Sept 2011 R'000	Audited year ended 31 Mar 2012 R'000
<b>Share capital</b>			
Balance at the beginning of period	3 706	3 724	3 724
Cancellation of issued shares	–	–	(18)
<b>Balance at the end of the period</b>	<b>3 706</b>	<b>3 724</b>	<b>3 706</b>
<b>Share premium</b>			
Balance at the beginning of period	272 320	282 715	282 715
Cancellation of issued shares	–	–	(10 395)
<b>Balance at the end of the period</b>	<b>272 320</b>	<b>282 715</b>	<b>272 320</b>
<b>Treasury shares</b>			
Balance at the beginning of period	(93 931)	(119 809)	(119 809)
Treasury shares disposed in terms of directors' loan scheme	–	–	17 497
Treasury shares utilised to settle share appreciation rights	7 795	–	16 366
Treasury shares disposed (purchased)	–	9 599	(7 985)
<b>Balance at the end of the period</b>	<b>(86 136)</b>	<b>(110 210)</b>	<b>(93 931)</b>
<b>Retained earnings</b>			
Balance at the beginning of period	1 716 222	1 391 305	1 391 305
Earnings attributable to ordinary shareholders	225 880	189 286	491 596
Share appreciation rights exercised	(106 242)	(4 901)	(67 315)
Profit on treasury shares disposed in terms of the directors' loan scheme	–	–	9 303
Profit on treasury shares utilised to settle share appreciation rights	16 669	–	15 670
Profit on issue of treasury shares	–	19 567	–
(Increase) decrease of non-controlling interest	(2 166)	15 452	21 347
Dividends paid	(128 381)	(90 234)	(145 684)
<b>Balance at the end of the period</b>	<b>1 721 982</b>	<b>1 520 475</b>	<b>1 716 222</b>
<b>Other reserves</b>			
Balance at the beginning of period	54 020	53 330	53 330
Share appreciation rights issued	2 395	4 511	11 433
Share appreciation rights exercised	(18 674)	(14 685)	(19 617)
Fair value of put option in terms of the directors' loan scheme	–	4 600	4 535
Translation of foreign operations	1 706	5 919	4 339
<b>Balance at the end of the period</b>	<b>39 447</b>	<b>53 675</b>	<b>54 020</b>
<b>Attributable to equity shareholders</b>	<b>1 951 319</b>	<b>1 750 379</b>	<b>1 952 337</b>
<b>Non-controlling interest</b>			
Balance at the beginning of period	59 321	243 584	243 584
Earnings attributable to non-controlling interest	11 042	14 386	23 032
Share of foreign currency translation reserve	473	1 170	424
Non-controlling interest acquired during the period	–	(202 617)	(202 570)
Change in non-controlling interest	(396)	–	–
Dividends paid	(1 750)	(1 724)	(5 149)
<b>Balance at the end of the period</b>	<b>68 690</b>	<b>54 799</b>	<b>59 321</b>

## SEGMENT INFORMATION

	Engineering consumables R'000	Capital equipment R'000	Group, financing and other operations R'000	Total R'000
<b>Unaudited six months ended 30 September 2012</b>				
Segment revenue	1 635 046	1 682 982	196 098	3 514 126
Segment operating profit	174 099	148 466	(7 856)	314 709
Segment assets	2 011 529	1 713 103	5 379 262	9 103 894
Segment liabilities	884 159	1 283 480	4 916 246	7 083 885
<b>Unaudited six months ended 30 September 2011</b>				
Segment revenue	1 301 801	1 119 116	142 083	2 563 000
Segment operating profit	159 393	93 904	7 618	260 915
Segment assets	1 479 687	1 071 338	4 615 653	7 166 678
Segment liabilities	374 870	706 977	4 279 653	5 361 500
<b>Audited year ended 31 March 2012</b>				
Segment revenue	2 742 046	2 548 888	308 530	5 599 464
Segment operating profit	371 458	246 783	16 344	634 585
Segment assets	1 723 928	1 556 429	5 079 069	8 359 426
Segment liabilities	510 138	1 295 827	4 541 803	6 347 768