Invicta HOLDINGS LIMITED

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

AUDITED GROUP RESULTS

for the year ended 31 MARCH 2010



Revenue ▼ 12,3% • Profit before taxation ▼ 9,5% • Earnings per share ▲ 3,7% • Annual dividend ▲ 9,4%

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March

	% change	2010 R'000	2009 R'000
Revenue	(12,3)	3 968 872	4 523 535
Operating income	(8,9)	453 293	497 356
Interest and dividends received		408 498	360 115
Finance costs		432 886	382 719
Share of associate		639	–
Profit before taxation	(9,5)	429 544	474 752
Taxation		64 155	111 940
Profit for the year	0,7	365 389	362 812
Minority interest		44 493	50 000
Attributable to ordinary shareholders	2,6	320 896	312 812
Earnings per share (cents)	3,7	453	437
Diluted earnings per share (cents)	0,9	441	437
Determination of headline earnings			
Attributable earnings		320 896	312 812
Adjustments			
– Negative goodwill on business combination		(7 952)	–
– Impairment of property, plant and equipment		190	4 000
– Goodwill impairment		3 442	638
– Release of deferred profit on issue of shares by subsidiaries		(3 870)	(3 870)
– Profit on disposal of investment		–	(232)
– Profit on disposal of property, plant and equipment		(3 732)	(3 232)
Total before taxation and minority interest		(11 922)	(2 696)
Taxation		1 616	1 001
Minority interest		1 412	(311)
Total adjustments		(8 894)	(2006)
Headline earnings	0,4	312 002	310 806
Shares in issue			
Weighted average (000's)		70 779	71 536
At the end of the year (000's)		70 712	70 801
Number of shares used for diluted earnings per share (000's)		72 767	71 536
Headline earnings per share (cents)	1,6	441	434
Diluted headline earnings per share (cents)	(1,2)	429	434
Dividends per share* (cents)	9,4	151	138
– Interim	(7,5)	49	53
– Final	20,0	102	85

** In accordance with IAS 10 the final dividend of 102 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

	2010 R'000	2009 R'000
Cash flows from operating activities		
Cash generated from operations	590 226	87 972
Finance costs	(432 886)	(382 719)
Dividends paid	(96 389)	(112 626)
Taxation paid	(25 329)	(194 445)
Interest and dividends received	404 498	360 115
Net cash inflow (outflow) from operating activities	444 120	(241 703)
Cash flows from investing activities		
Net cash effects of asset acquisitions	(74 458)	(82 816)
Net cash effects of other investing activities	(191 556)	(266 763)
Increase in long-term loans	(6 721)	–
Net cash effects of treasury share investments	(2 323)	(44 854)
Net cash outflow from investing activities	(275 058)	(394 433)
Cash flows from financing activities		
Net cash effects of borrowings raised	177 104	294 806
Net cash inflow from financing activities	177 104	294 806
Net increase (decrease) in cash and cash equivalents	346 166	(341 330)
Cash and cash equivalents at the beginning of the year	(131 459)	209 871
Cash and cash equivalents at the end of the year	214 707	(131 459)

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
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
2009				
Revenue	2 136 572	2 254 606	132 357	4 523 535
Operating income	325 567	141 510	30 279	497 356
Total assets	1 258 015	1 165 673	3 581 042	6 004 730
Total liabilities	521 607	967 168	3 179 704	4 668 479

Compliance with IFRS 8 in the current year has required certain comparatives in the segment information to be restated.

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 March

	2010 R'000	2009 R'000
ASSETS		
Non-current assets	3 706 514	3 495 310
Property, plant and equipment	312 860	228 997
Financial investments	2 882 206	1 195 100
Goodwill and other intangible assets	255 326	253 649
Long-term loans and financial asset	186 270	1 760 387
Deferred taxation	69 852	57 177
Current assets	2 230 600	2 509 420
Inventories	1 298 795	1 645 913
Trade and other receivables	670 979	688 106
Tax prepaid	273	50 340
Bank balances and cash	260 553	125 061
Total assets	5 937 114	6 004 730
EQUITY AND LIABILITIES		
Capital and reserves	1 613 263	1 336 251
Attributable to ordinary shareholders	1 442 966	1 206 055
Minority interest	170 297	130 196
Non-current liabilities	3 223 347	3 096 348
Long-term borrowings and financial liabilities	3 209 058	3 083 072
Deferred taxation	14 289	13 276
Current liabilities	1 100 504	1 572 131
Short-term borrowings	18 056	5 546
Trade, other payables and provisions	1 023 315	1 295 130
Tax liabilities	13 287	14 935
Bank overdrafts and bankers' acceptances	45 846	256 520
Total equity and liabilities	5 937 114	6 004 730

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March

	2010 R'000	2009 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	(94 247)	(49 393)
Treasury shares acquired	(2 323)	(44 854)
Balance at end of the year	(96 570)	(94 247)
Retained earnings		
Balance at beginning of the year	972 824	763 697
Earnings attributable to ordinary shareholders	320 896	312 812
Dividends paid	(94 838)	(103 685)
Balance at end of the year	1 198 882	972 824
Other reserves		
Balance at beginning of the year	41 039	24 848
Arising from the issue of share appreciation rights	22 045	19 270
Revaluation reserve written off on liquidation of Group company	(3 169)	–
Arising on translation of foreign operations	(5 700)	(3 079)
Balance at end of the year	54 215	41 039
Attributable to equity shareholders	1 442 966	1 206 055
Minority interest		
Balance at beginning of the year	130 196	92 147
Earnings attributable to outside shareholders	42 544	50 000
Net investment in subsidiaries	1 510	(2 952)
Dividends paid	(3 953)	(8 999)
Balance at end of the year	170 297	130 196

OTHER INFORMATION

	2010	2009
Net interest-bearing debt:equity (excluding long-term funding debt secured by investments and loans) (%)	–	19
Depreciation and amortisation (R'000)	32 356	28 612
Net asset value per share (cents)	2 040,6	1 703,4
Tangible net asset value per share (cents)	1 679,5	1 345,2
Capital expenditure (R'000)	83 424	91 984
Contingent liabilities (R'000)	313	1 428
Capital commitments (R'000)	988	7 026

NOTES TO THE FINANCIAL INFORMATION

Basis of Preparation

The consolidated financial statements have been prepared in accordance with IAS 34 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 2009 annual report have been consistently applied through the year ended 31 March 2010 and includes the adoption of IAS 1 (Revised) and IFRS 8.

COMMENTS

FINANCIAL OVERVIEW

The Group has again produced outstanding results in a very challenging economic environment. The market was characterised by weak demand for product, a global liquidity crisis, a strong Rand and generally tough economic conditions.

Notwithstanding, turnover declined by only 12,3% to R3 969 million. Good margin management and tight cost controls resulted in operating income declining by a modest 8,9% to R453 million. Improved financing costs and dividends received, led to profit for the year increasing by 0,7% to R365 million. A reduction in the weighted average number of shares in issue resulted in earnings per share increasing by 3,7% to 453 cents per share.

Particular emphasis was placed on working capital management, resulting in cash generated from operations of R590 million being achieved, the highest ever.

The Group took advantage of weak market conditions and made a number of strategic acquisitions. The more significant of these was the acquisition of 100% of Criterion Equipment (Pty) Limited effective 1 June 2009 and 70% of Wegezi Power Holdings (Pty) Limited effective 1 April 2010. Criterion Equipment operates in the materials handling sector with TCM forklifts being its primary product. Wegezi Power Holdings manufactures and repairs transformers, electric switch gears, panels and pumps.

BEARING MAN GROUP (BMG)

BMG continues to be the core profit base of the Group. Trading conditions in the industrial consumable sector were particularly challenging. Commodity prices were under pressure due to the global recession. Key market segments of mining and manufacturing also showed substantial declines. Margins were under pressure as the Rand strengthened. The competitive market environment, the strengthening of the Rand and the clearing of higher price stock received at weaker exchange rates contributed to lower margins. In spite of these adverse conditions, BMG achieved turnover for the year of R2 018 million, a decline of only 5,5% and operating profit declined by 10,1% to R293 million. The operating margin was a pleasing 14,5%.

BMG continued to invest in staff training and education and in strategic acquisitions, the most important of which was Wegezi Power Holdings.

CAPITAL EQUIPMENT DIVISION (CED)

The CED, being the more cyclical of the Group operations, showed a 22,4% decline in revenue to R1 750 million. Acquisitions during the year accounted for 8,2% of turnover. Exceptional margin management and cost control resulted in segment profit declining by only 12,8% to R123 million. Good control of working capital resulted in segment profit return on working capital of 48,9%.

The construction equipment divisions suffered the most in the CED. Demand for product in this sector has declined dramatically in the face of the recent recession and has been compounded by the completion of Soccer World Cup and government infrastructure projects.

Criterion Equipment, which was acquired on 1 June 2009, has been restructured and is operating profitably. It did not contribute meaningfully to segment profits in the CED, but helped to absorb some of the overheads in the construction equipment divisions. It is expected to make a significant contribution to the CED in the coming year.

The agricultural equipment divisions experienced challenging conditions, with total market sales of tractors for the period under review declining by 33% from 8 045 units to 5 406 units. Despite the decline in the market, the agricultural machinery divisions improved market shares in key sectors and through tight margin and cost management, produced the bulk of the CED's segment profits.

OTHER OPERATIONS

The Group continued to strengthen its distribution base and structures in all of its smaller operations, as well as completing some strategic property transactions during the year.

PROSPECTS

Trading conditions in the sectors in which the Group operates appear to have stabilised. The current strength of the Rand is however a source for concern as it could lead to a reduction in the price of Group products and reduce the income of key customers which operate in export orientated sectors.

Volumes in BMG appear to have stabilised, but trading is still volatile and patchy. The macro global environment indicates a return to normal trading in the medium term. This should, in turn, result in increased demand for BMG products and services.

In the CED, agricultural machinery conditions are expected to continue to be challenging. Low grain prices are expected to keep the demand for agricultural machinery at current muted levels. Conditions in the construction equipment market are still depressed and management does not expect this to improve in the next 12 months. The division has successfully reduced its costs to ensure profitable trading and working capital is carefully managed. The acquisition of Criterion Equipment has been bedded down and the company is now profitable. Criterion Equipment should make a meaningful contribution to the CED in the coming year and will help to spread the construction equipment section's overheads.

In light of the more stable trading conditions and better economic expectations, the Board has declared a final dividend of 102 cents per share resulting in total dividends for the year of 151 cents per share, up 9,4% on last year. This is a 3,0 times dividend cover ratio, which the Board intends to maintain until market conditions have returned to normal.

The Board remains confident of the continued success of the Group and will continue to seek out opportunities to grow its product base and penetrate new markets.

AUDIT OPINION

The auditors, Deloitte & Touche, have issued an unmodified opinion on the Group consolidated financial statements for the year ended 31 March 2010. A copy of the audit report is available for inspection at the Company's registered office.

DIVIDENDS

The Board has declared a final dividend of 102 cents per share.

The following dates are applicable:

Last date to trade "CUM" dividend	Friday, 2 July 2010
First date to trade "EX" dividend	Monday, 5 July 2010
Record date	Friday, 9 July 2010
Payment date	Monday, 12 July 2010

Share certificates may not be dematerialised or rematerialised between Monday, 5 July 2010 and Friday, 9 July 2010, both days inclusive.

By order of the Board

C Barnard Cape Town
Secretary 25 May 2010

GRAPHICULTURE

BMG NEW HOLLAND AGRICULTURE NORTHMEC CASE IH AGRICULTURE CSE CASE CONSTRUCTION AUTOBAX DOOSAN Criterion Equipment Tiletoria Tiles you can afford

Registered office: Invicta Holdings Limited, 3rd Floor, Pepkor House, 36 Stellenberg Road, Parow Industria, 7493 • PO Box 6077, Parow East, 7501 • **Transfer secretaries:** Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 • PO Box 61051, Marshalltown, 2107
Directors: Dr CH Wiese*, C Barnard, A Goldstone, AK Masuku*#, J Mthimunye*, DI Samuels*, LR Sherrell*#, RE Sherrell*, AM Sinclair, CE Walters ** Non-executive # Alternate* • **Sponsor:** Deloitte & Touche Sponsor Services (Pty) Limited
www.invictaholdings.co.za