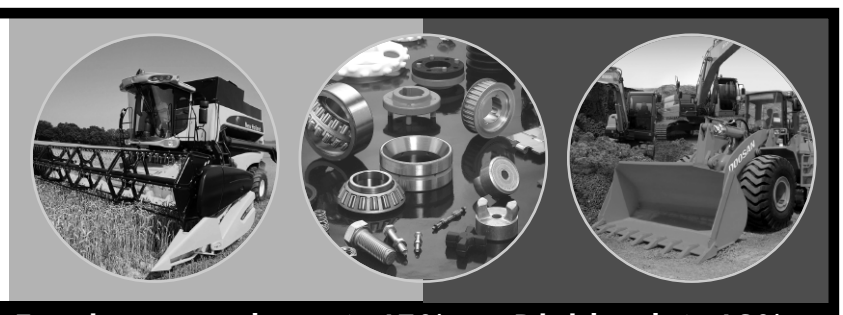
Invicta HOLDINGS LIMITED

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

UNAUDITED INTERIM RESULTS

for the six months ended 30 September 2010



Revenue ▲ 9% • Profit for the period ▲ 21% • Earnings per share ▲ 17% • Dividend ▲ 16%

Consolidated condensed STATEMENT OF COMPREHENSIVE INCOME

	Change %	Unaudited 6 months ended 30 Sept 2010 R'000	Unaudited 6 months ended 30 Sept 2009 R'000	Audited year ended 31 Mar 2010 R'000
Revenue	9	**2 172 773**	1 985 960	3 968 872
Operating income	23	**214 155**	174 134	453 293
Interest and dividends received		**296 195**	182 171	408 498
Finance costs		**(333 136)**	(175 093)	(432 886)
Share of associate		**527**	594	639
Profit before taxation	(2)	**177 741**	181 806	429 544
Taxation		**(9 152)**	(42 184)	(64 155)
Profit for the period	21	**168 589**	139 622	365 389
Other comprehensive income:				
Exchange differences on translating foreign operations		**(1 351)**	(7 103)	(5 700)
Total comprehensive income for the period		**167 238**	132 519	359 689
Profit attributable to:				
Owners of the company		**140 862**	121 754	320 896
Non-controlling interest		**27 727**	17 868	44 493
		168 589	139 622	365 389
Total comprehensive income attributable to:				
Owners of the company		**139 965**	114 651	317 145
Non-controlling interest		**27 273**	17 868	42 544
		167 238	132 519	359 689
Earnings per share (cents)	17	**201**	172	453
Diluted earnings per share (cents)	13	**195**	172	441
Determination of headline earnings				
Attributable earnings		**140 862**	121 754	320 896
Adjustments				
– Negative goodwill on business combinations		**–**	(7 602)	(7 952)
– Impairment of property, plant and equipment and goodwill		**–**	–	3 632
– Release of deferred profit on issue of shares by subsidiaries		**–**	–	(3 870)
– Profit on disposal of property, plant and equipment		**(1 192)**	(574)	(3 732)
Total before taxation and non-controlling interest		**(1 192)**	(8 176)	(11 922)
Taxation		**334**	2 289	1 616
Non-controlling interest		**172**	1 177	1 412
Total adjustments		**(686)**	(4 710)	(8 894)
Headline earnings		**140 176**	117 044	312 002
Shares in issue				
Weighted average (000's)		**70 174**	70 780	70 779
At the end of the period (000's)		**69 911**	70 774	70 712
Number of shares used for diluted earnings per share (000's)		**72 335**	70 780	72 767
Headline earnings per share (cents)	21	**200**	165	441
Diluted headline earnings per share (cents)	18	**194**	165	429
Dividends per share* (cents)		**57**	49	151
– Interim	16	**57**	49	49
– Final		**–**	–	102

** In accordance with IAS 10, the interim dividend of 57 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 2010 R'000	Unaudited 6 months ended 30 Sept 2009 R'000	Audited year ended 31 Mar 2010 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	**(96 570)**	(94 247)	(94 247)
Treasury shares acquired	**(24 770)**	(596)	(2 323)
Balance at end of period	**(121 340)**	(94 843)	(96 570)
Retained earnings			
Balance at beginning of period	**1 198 882**	972 824	972 824
Profit for the period	**140 862**	121 754	320 896
Dividends paid	**(71 896)**	(61 805)	(94 838)
Balance at end of period	**1 267 848**	1 032 773	1 198 882
Other reserves			
Balance at beginning of period	**54 215**	41 039	41 039
Arising from the (exercising) issue of share appreciation rights	**(13 588)**	11 910	22 045
Revaluation reserve written off on liquidation of Group company	**–**	–	(3 169)
Other comprehensive income	**(1 351)**	(7 103)	(5 700)
Balance at end of period	**39 276**	45 846	54 215
Attributable to equity shareholders	**1 472 223**	1 270 215	1 442 966
Non-controlling interest			
Balance at beginning of period	**170 297**	130 196	130 196
Total comprehensive income	**27 273**	17 868	42 544
Net investment in subsidiaries	**7 619**	2 112	1 510
Dividends paid	**(3 388)**	(462)	(3 953)
Balance at end of period	**201 801**	149 714	170 297

NOTES TO THE FINANCIAL INFORMATION

Basis of Preparation
The consolidated condensed results for the period ended 30 September 2010 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards and the AC500 standards as issued by the Accounting Standards Board, IAS 34 : Interim Financial Reporting, the JSE Limited 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 2010 annual report have been consistently applied throughout the six-month period under review.

The 31 March 2010 results include a reallocation of R78 million from Trade and other receivables to Long-term loans and R78 million from Trade and other payables to Long-term borrowings and the current results are treated on a consistent basis.

Events after the reporting period
No material events have occurred between the end of the reporting period and the date of the release of these financial statements.

COMMENTS

GROUP ACTIVITIES
The Invicta Group is a major regional player in the importation and distribution of:

- Bearings, belts, seals, power transmission products, geared motors, fasteners, hydraulics, transformers and niche automotive spares ("BMG");
- Agricultural machinery and equipment ("Northmec" and "New Holland");
- Construction and earthmoving equipment, turf grooming equipment and golf utility cars ("CSE and Doosan SA");
- Forklifts and materials handling equipment ("Criterion Equipment"); and
- Floor tiles, wall tiles, laminated flooring, taps and sanitary ware ("Tiletoria").

FINANCIAL OVERVIEW
The Group has again delivered excellent results under conditions which were, as anticipated, challenging. Global and regional economic recoveries have proven to be slow. Demand for product supplied by the Group has, in general, been muted and margins remained under pressure due mainly to the strong Rand. Notwithstanding, Group turnover increased by 9% to R2,173 billion of which R91 million (5%) was from acquisitions. Good margin management, tight cost controls and contributions from acquisitions resulted in operating income increasing by 23% to R214 million.

As reported in the FY 2010 annual results, changes in market circumstances required the Group to change certain loan term investments in the second half of FY 2010. In the result, interest and dividend income have increased by R114 million compared with the first half of last year and finance charges increased by R158 million. Included in these figures is a reduction of R13 million in net working capital finance costs.

Profit for the period increased by 21% to R169 million, which resulted in a corresponding increase of 21% in headline earnings per share to 200 cents per share.

The Group's continued focus on working capital management, including a reduction in inventory of R113 million since March 2010, resulted in cash generated from operations being a healthy R168 million.

The Group continued to take advantage of growth opportunities and made a number of strategic acquisitions, totalling R73 million. The most significant of these was the acquisition of 70% of Wegezi Power Holdings (Pty) Limited (effective 1 April 2010) and the acquisition of a majority interest in three of BMG's larger franchised agencies. 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. It contributed 66% of operating income for the period under review. Trading conditions in the industrial consumables sector continued to be challenging. Although volumes increased, the strong Rand resulted in a decline in gross margins. Turnover increased by 17%, of which 9% was due to acquisitions. Tight cost control and good contributions from the acquisitions resulted in operating income increasing by 23%.

Consolidated condensed STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Sept 2010 R'000	Unaudited 30 Sept 2009 R'000	Audited 31 Mar 2010 R'000
ASSETS			
Non-current assets	**4 107 941**	3 611 694	3 784 619
Property, plant and equipment	**347 684**	255 828	312 860
Financial investments	**2 973 587**	1 197 608	2 882 206
Goodwill and other intangible assets	**317 743**	253 043	255 326
Long-term loans and financial asset	**405 170**	1 843 122	264 375
Deferred taxation	**63 757**	62 093	69 852
Current assets	**2 049 633**	2 048 192	2 152 495
Inventories	**1 185 391**	1 305 475	1 298 795
Trade and other receivables	**650 327**	665 819	592 874
Tax prepaid	**3 611**	6 776	273
Bank balances and cash	**210 304**	70 122	260 553
Total assets	**6 157 574**	5 659 886	5 937 114
EQUITY AND LIABILITIES			
Capital and reserves	**1 674 024**	1 419 929	1 613 263
Attributable to equity shareholders	**1 472 223**	1 270 215	1 442 966
Non-controlling interest	**201 801**	149 714	170 297
Non-current liabilities	**3 604 730**	3 181 184	3 301 452
Long-term borrowings and financial liabilities	**3 559 820**	3 152 333	3 274 179
Deferred income	**41 357**	16 230	12 984
Deferred taxation	**3 553**	12 621	14 289
Current liabilities	**878 820**	1 058 773	1 022 399
Short-term borrowings	**19 476**	9 645	18 056
Trade, other payables and provisions	**856 469**	756 458	945 210
Tax liabilities	**1 365**	9 348	13 287
Bank overdrafts and bankers' acceptances	**1 510**	283 322	45 846
Total equity and liabilities	**6 157 574**	5 659 886	5 937 114

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 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**
Unaudited six months ended 30 September 2009				
Revenue	998 153	884 494	103 313	1 985 960
Operating income	115 400	39 712	19 022	174 134
Total assets	1 045 626	986 464	3 627 796	5 659 886
Total liabilities	241 241	730 804	3 267 912	4 239 957
Audited year ended 31 March 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 CASH FLOWS

	Unaudited 6 months ended 30 Sept 2010 R'000	Unaudited 6 months ended 30 Sept 2009 R'000	Audited year ended 31 Mar 2010 R'000
Cash flows from operating activities			
Cash generated from operations	**167 774**	38 751	590 226
Finance costs	**(333 136)**	(175 093)	(432 886)
Dividends paid	**(74 423)**	(62 267)	(96 389)
Taxation paid	**(26 100)**	(9 004)	(25 329)
Interest and dividends received	**296 195**	182 171	408 498
Net cash inflow (outflow) from operating activities	**30 310**	(25 442)	444 120
Cash flows from investing activities			
Net cash effects of asset acquisitions	**(6 525)**	(3 078)	(74 458)
Net cash effects of other investing activities	**(161 308)**	(108 559)	(191 556)
Increase in long-term loans	**(168 507)**	–	(84 826)
Net cash effects of treasury share investments	**(24 770)**	(596)	(2 323)
Net cash outflow from investing activities	**(361 110)**	(112 233)	(353 163)
Cash flows from financing activities			
Net cash effects of borrowings raised	**324 887**	55 934	255 209
Net cash inflow from financing activities	**324 887**	55 934	255 209
Net (decrease) increase in cash and cash equivalents	**(5 913)**	(81 741)	346 166
Cash and cash equivalents at the beginning of the period	**214 707**	(131 459)	(131 459)
Cash and cash equivalents at the end of the period	**208 794**	(213 200)	214 707

OTHER INFORMATION

	Unaudited 6 months ended 30 Sept 2010 R'000	Unaudited 6 months ended 30 Sept 2009 R'000	Audited year ended 31 Mar 2010 R'000
Net interest-bearing debt:equity ratio (excluding long-term funding debt secured by investments and loans) (%)	**–**	27	–
Depreciation and amortisation (R'000)	**28 547**	16 601	32 356
Net asset value per share (cents)	**2 105,9**	1 794,7	2 040,6
Tangible net asset value per share (cents)	**1 651,4**	1 437,1	1 679,5
Capital expenditure (R'000)	**9 342**	10 972	83 424
Contingent liabilities (R'000)	**257**	1 428	313
Capital commitments (R'000)	**–**	1 000	988

COMMENTS continued

CAPITAL EQUIPMENT DIVISION (CED)
The CED continued to face challenging conditions and experienced a decline in the sales of new units in almost all its operations. Total revenue declined by only 1% to R878 million as a result of increased spares and service revenue, which combined with good cost control, resulted in operating profit increasing by 37% to R54 million. The segment's annualised profit return on capital employed was 50%, a very pleasing result.

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, at best, to be stable. 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 which operate in export orientated sectors. The Group will continue to focus on improving operational efficiencies to counter the negative effects of the strong Rand.

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

In the CED, agricultural equipment conditions are expected to continue to be challenging. Low grain prices and a strong Rand are expected to keep the demand for agricultural equipment at current muted levels.

Conditions in the construction equipment market are still depressed.

The Board has maintained an interim dividend cover ratio of 3,5 times with an interim dividend of 57 cents per share, up 16% from the comparative period. The annual dividend cover ratio policy currently is 3,0 times.

The Board is pleased with the results for the period under review, but expects trading conditions to continue to be challenging in the second half of the financial year.

BOARD OF DIRECTORS

The following changes in directorships were made in the period under review:
LR Sherrell – appointed non-executive director on 29 July 2010
JD Wiese – appointed non-executive director on 29 July 2010
RE Sherrell – retired as non-executive director on 29 July 2010

DIVIDEND
The Board has declared an interim dividend of 57 cents per share.

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

Last date to trade "CUM" dividend	Friday, 26 November 2010
First date of trading "EX" dividend	Monday, 29 November 2010
Record date	Friday, 3 December 2010
Payment date	Monday, 6 December 2010

Share certificates may not be dematerialised or rematerialised between Monday, 29 November 2010 and Friday, 3 December 2010, both days inclusive.

By order of the Board

C Barnard
Secretary

Cape Town
5 November 2010

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*, AM Sinclair, CE Walters, Adv JD Wiese*
** Non-executive # Alternate ^ Independent non-executive*

Sponsor: Deloitte & Touche Sponsor Services (Pty) Limited

GRAPHICULTURE