

AUDITED ABRIDGED GROUP RESULTS for the year ended 31 March 2013

>> REVENUE up by 35%

>> NORMALISED EARNINGS PER SHARE up by 14%

>> PROFIT FOR THE YEAR up by 55%

>> FINAL DIVIDEND 179 cents

>> OPERATING PROFIT up by 47%

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

	% change	2013 R'000	2012 Restated R'000
Revenue	35	7 557 899	5 599 464
Operating profit	47	883 759	601 081
Interest and dividends received		531 673	546 947
Negative goodwill		52 066	–
Finance costs		(651 760)	(598 354)
Share of profits of associate		3 018	1 022
Profit before taxation	49	818 756	550 696
Taxation		(75 224)	(71 921)
Profit for the year	55	743 532	478 775
Other comprehensive income			
Exchange differences on translating foreign operations		26 810	4 763
Total comprehensive income for the year		770 342	483 538
Profit attributable to:			
Owners of the Company		693 152	455 743
Non-controlling interest		28 468	23 032
Preference shareholders		21 912	–
		743 532	478 775
Total comprehensive income attributable to:			
Owners of the Company		741 874	460 082
Non-controlling interest		28 468	23 456
		770 342	483 538
Earnings per share (cents)	48	955	647
Diluted earnings per share (cents)	57	948	604
Normalised earnings per share (cents)	14	737	647
Determination of headline earnings			
Attributable earnings		693 152	455 743
Adjustments			
– Impairment of property, plant and equipment		18	13 554
– Release of deferred profit on issue of shares by subsidiary		–	(5 914)
– Goodwill impaired		2 791	1 137
– Negative goodwill		(52 066)	–
– Release of deferred profit on issue of shares by subsidiaries		–	(11 610)
– Net profit on disposal of property, plant and equipment		(3 551)	(2 625)
Total adjustments before taxation and non-controlling interest		(52 808)	(5 458)
Taxation		989	(345)
Non-controlling interest		747	(1 800)
Total adjustments		(51 072)	(7 603)
Headline earnings	43	642 080	448 140
Headline earnings per share (cents)		885	637
Diluted headline earnings per share (cents)		878	594
Shares in issue			
Weighted average (000s)		72 588	70 405
At the end of the year (000s)		73 409	72 123
Number of shares used for diluted earnings per share (000s)		73 125	75 416
Headline earnings per share (cents)	39	885	637
Earnings per share (cents)	48	955	647
Dividends per share* (cents)		6	254
– Interim		16	89
– Final		1	179

* In accordance with IAS 10 the final dividend of 179 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

	2013 R'000	2012 Restated R'000
Cash flows from operating activities		
Cash generated from operations	732 078	489 281
Finance costs	(651 760)	(598 354)
Dividends paid to Group shareholders and non-controlling interest	(198 433)	(155 633)
Taxation paid	(161 137)	(62 466)
Interest and dividends received	531 673	546 946
Net cash inflow from operating activities	252 421	219 774
Cash flows from investing activities		
Net cash effects of acquisitions of property, plant and equipment and intangible assets	(131 724)	(95 154)
Acquisition of subsidiaries and associates	(1 496 282)	(152 808)
Acquisition of non-controlling interest	–	(177 525)
Increase in long-term receivables including current portion	(1 060 115)	(335 398)
Dividend received from associate	425	1 100
Net cash outflow from investing activities	(2 687 696)	(759 785)
Cash flows from financing activities		
Net cash effects of liabilities raised	1 676 334	797 207
Settlement of share appreciation rights	(148 581)	(69 431)
Ordinary shares and preference shares issued	809 232	–
Cancellation of issued shares	–	(10 413)
Net cash inflow from financing activities	2 336 985	717 363
Net (decrease) increase in cash and cash equivalents	(98 290)	177 352
Cash and cash equivalents at the beginning of the year	586 008	408 656
Cash and cash equivalents at the end of the year	487 718	586 008

>> OTHER INFORMATION

	2013	2012 Restated
Net interest-bearing debt:equity ratio (excluding long-term funding debt secured by investments and loans) (%)	39	29
Depreciation and amortisation (R'000)	86 814	61 365
Net asset value per share (cents)	3 664.5	2 581.7
Tangible net asset value per share (cents)	2 610.4	2 014.2
Capital expenditure (R'000)	152 276	109 278
Contingent liabilities (R'000)	–	240
Capital commitments (R'000)	81 770	6 014

NOTES TO THE FINANCIAL INFORMATION

Basis of preparation
The Group's audited summary consolidated annual financial statements (results) are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, the requirements of the Companies Act applicable to summary financial statements, the framework, measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Standards Council and the requirements of IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the results are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the Group's previous consolidated annual financial statements, except for the modifications for the accounting for Share appreciation rights settled in cash during the prior and current financial year. These were accounted for on the cash settled method from 1 April 2011, resulting in the restatement of the prior year. All accounting policies effective for the 2013 financial year onwards were applied and did not have a material impact on the Group results.

These audited financial statements have been prepared under the supervision of Craig Barnard CA(SA), the Executive Director – Financial and Commercial.

Acquisitions
Various acquisitions were made during the year ended 31 March 2013, amounting to R1,6 billion.

The significant acquisitions include Operational Marketing (Pty) Ltd, ManDirk (Pty) Ltd, Kian Ann Engineering (Pte) Ltd and MacNeil (Pty) Ltd. The Board identified these businesses based on their ability to assist the Group with its expansion and growth. The provisional goodwill and provisional negative goodwill arises after the fair valuing of all identifiable tangible and intangible assets and liabilities at acquisition date. The transaction costs for these acquisitions amount to R50 million.

Events after the reporting period
There were no events to report on after the reporting period to the date of this report.

>> CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION as at 31 March

	2013 R'000	2012 Restated R'000	2011 R'000
ASSETS			
Non-current assets	6 080 956	4 658 373	4 262 675
Property, plant and equipment	1 010 636	391 018	353 953
Financial investments and investment in associate	2 018 353	3 042 793	2 965 674
Goodwill and other intangible assets	773 815	416 606	362 453
Financial asset, finance lease and long-term receivables	2 117 013	701 776	510 655
Deferred taxation	161 139	106 180	69 940
Current assets	6 123 855	3 722 236	2 626 192
Held for sale assets	9 957	–	–
Inventories	2 913 052	2 084 662	1 381 615
Trade and other receivables	1 619 567	869 184	698 526
Current portion of finance lease, long-term receivables and financial investments	883 599	125 605	99 498
Taxation prepaid	18 831	1 694	14 150
Bank balances and cash	678 849	641 091	432 403
Total assets	12 204 811	8 380 609	6 888 867
EQUITY AND LIABILITIES			
Capital and reserves	3 095 212	1 954 552	1 854 849
Equity attributable to the equity holders	2 690 077	1 895 231	1 611 265
Non-controlling interest	405 135	59 321	243 584
Non-current liabilities	5 679 828	4 298 580	3 659 362
Long-term borrowings, guaranteed repurchase liabilities and financial liabilities	5 654 572	4 293 813	3 653 114
Deferred taxation	25 256	4 767	6 248
Current liabilities	3 429 771	2 127 477	1 374 656
Current portion of long-term borrowings and guaranteed repurchase liabilities	1 137 908	243 600	133 133
Trade, other payables and provisions	2 070 533	1 802 466	1 204 724
Taxation liabilities	30 199	26 328	13 052
Bank overdrafts	191 131	55 083	23 747
Total equity and liabilities	12 204 811	8 380 609	6 888 867

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

	2013 R'000	2012 Restated R'000
Share capital		
Balance at beginning of the year	3 706	3 724
Cancellation of issued shares	–	(18)
Ordinary shares issued	37	–
Balance at end of the year	3 743	3 706
Share premium		
Balance at beginning of the year	272 320	282 715
Ordinary shares issued (cancelled)	59 195	(10 395)
Balance at end of the year	331 515	272 320
Treasury shares		
Balance at beginning of the year	(93 931)	(119 809)
Treasury shares disposed in terms of directors' loan scheme	–	17 497
Treasury shares utilised to settle share appreciation rights	51 958	16 366
Treasury shares purchased	(38 125)	(7 985)
Balance at end of the year	(80 098)	(93 931)
Preference shares		
Balance at beginning of the year	–	–
Preference shares issued	750 000	–
Balance at end of the year	750 000	–
Retained earnings		
Balance at beginning of the year	1 676 751	1 391 305
Restatement due to modification of share appreciation rights	–	(52 033)
Earnings attributable to ordinary shareholders	693 152	455 743
Net share appreciation rights exercised	(150 043)	6 073
Change in non-controlling interest	(12 128)	21 347
Dividends paid	(193 263)	(145 684)
Balance at end of the year	2 014 469	1 676 751
Other reserves		
Balance at beginning of the year	36 385	53 330
Restatement due to modification of share appreciation rights	–	(27 096)
Share appreciation rights issued	4 990	9 121
Share appreciation rights exercised	(17 361)	(7 844)
Fair value of put option in terms of the directors' loan scheme	–	4 535
Fair value of put option on non-controlling interest	(380 376)	–
Translation of foreign operations	26 810	4 339
Balance at end of the year	(329 552)	36 385
Attributable to equity shareholders	2 690 077	1 895 231
Non-controlling interest		
Balance at beginning of the year	59 321	243 584
Earnings attributable to non-controlling interest	28 468	23 456
Change in non-controlling interest	327 076	(202 570)
Dividends paid	(9 730)	(5 149)
Balance at end of the year	405 135	59 321

>> SEGMENT INFORMATION for the year ended 31 March

	Engineering consumables R'000	Capital equipment R'000	Building supplies R'000	Group, financing and other operations R'000	Total R'000
2013					
Segment revenue	3 424 847	3 502 965	625 141	4 946	7 557 899
Segment operating profit	390 047	339 338	38 610	115 764	883 759
Segment assets	2 189 286	3 215 154	502 070	6 298 301	12 204 811
Segment liabilities	867 637	1 874 215	325 923	6 041 823	9 109 598
2012 (Restated)					
Segment revenue	2 742 046	2 548 888	306 771	1 759	5 599 464
Segment operating profit	371 458	246 783	14 127	(31 287)	601 081
Segment assets	1 723 928	1 556 429	191 505	4 908 747	8 380 609
Segment liabilities	510 138	1 295 827	97 602	4 522 490	6 426 057

PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial information below has been prepared to provide information on how the normalised earnings adjustments might have impacted on the financial results of the Group. Because of its nature, the *pro forma* financial information may not be a fair reflection of the Group's results of operations, financial position, changes in equity or cash flows. The underlying information used in the preparation of the audited *pro forma* financial information has been prepared using the accounting policies that comply with International Financial Reporting Standards. These are consistent with those applied in the published audited consolidated results of the Group for the year ended 31 March 2013. The directors of the Group are responsible for the compilation, contents and preparation of the *pro forma* financial information contained in the announcement. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of the Group; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Limited Listings Requirements.

The *pro forma* financial information should be read in conjunction with the Deloitte & Touche independent reporting accountants' report thereon, which is available for inspection at Invicta's registered office.

Statement of normalised earnings for the year ended 31 March 2013

	Notes	2013 Normalised R'000	2013 Audited R'000	% change
Revenue	1	7 557 899	7 557 899	0,0
Operating profit	1	883 759	883 759	0,0
Gain on partial derecognition of financial investments	2	(158 172)	–	(100,0)
Interest and dividends received	1	531 673	531 673	0,0
Negative goodwill	1	52 066	52 066	0,0
Finance costs	1	(651 760)	(651 760)	0,0
Share of profits of associate	1	3 018	3 018	0,0
Profit before taxation		660 584	818 756	(19,3)
Taxation	1	(75 224)	(75 224)	0,0
Profit for the year		585 360	743 532	(21,3)
Profit attributable to:				
Owners of the Company		534 980	693 152	(22,8)
Non-controlling interest	1	28 468	28 468	0,0
Preference shareholders	1	21 912	21 912	0,0
		585 360	743 532	(21,3)
Shares in issue				
Weighted average (000s)	1	72 588	72 588	
At the end of the year (000s)	1	73 409	73 409	
Number of shares used for diluted earnings per share (000s)		73 124	73 124	
Earnings per share (cents)	3	737	955	(22,8)
Diluted earnings per share (cents)	3	732	948	(22,8)

Notes:

- As per the audited statement of comprehensive income for the year ended 31 March 2013.
- Exclusion of once-off gain on partial derecognition of financial investment, as disclosed in the notes to the annual financial statements at 31 March 2013.
- Per share calculation is based on normalised earnings.

>> COMMENTS

MARKET OVERVIEW

The Group has again delivered very good results despite markets which experienced mixed fortunes. Group revenue grew by 35% to R7 558 million, of which R1 026 million (18%) was from acquisitions. Operating profit, which included a once-off gain of R158 million, was 47% higher at R884 million. Excluding this once-off gain, operating profit was R726 million, an increase of 21%, which is reflective of the strong trading performance in market conditions which put pressure on gross margins and inflationary pressure on costs. R46 million of operating profit came from acquisitions.

Profit (after tax) for the year increased by 55% to R744 million. A once-off gain resulted in headline earnings growing by 43% to R642 million. Normalised earnings per share grew by 14% from 647 cents per share to 737 cents per share. Working capital management was excellent, resulting in cash generated from operations of R732 million, up 50% from R489 million.

The Group announced the 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 which was listed on the Singapore Stock Exchange, with an annual turnover of more than R1,1 billion. The acquisition was included in the Invicta results from 1 February 2013. The purchase price of Kian Ann was SGD192,6 million of which the founding management contributed SGD31,16 million for a 25% stake and the balance was entirely funded with debt.

The acquisition of Kian Ann takes the Group to the global stage of distribution of heavy earthmoving equipment parts and diesel engine spares as the company distributes to over 50 countries worldwide. Since June 2012 the markets serviced by Kian Ann have experienced challenging trading conditions, which are expected to continue for the short-term. Kian Ann is only expected to start making a meaningful contribution to Group profits over time as the debt for its acquisition is repaid.

The Group continued to take advantage of domestic growth opportunities and made a number of strategic acquisitions totalling