Invicta
HOLDINGS LIMITED

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Annual Report 2007 | Invicta Holdings Limited

Annual Report **2007**

Invicta
HOLDINGS LIMITED

Contents

Transfer secretaries

Computershare Investor Services 2004 (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg 2001
PO Box 61051, Marshalltown 2107

Shareholders' diary

Financial year end	31 March 2007
Declaration of final dividend	6 June 2007
Publication of financial results for the year	6 June 2007
Annual report posted to shareholders by	30 June 2007
Last day trade "cum dividend"	22 June 2007
Trading "ex-dividend" commences	25 June 2007
Record date	29 June 2007
Dividends payable	2 July 2007
Annual general meeting	27 July 2007
Publication of interim results	November 2007

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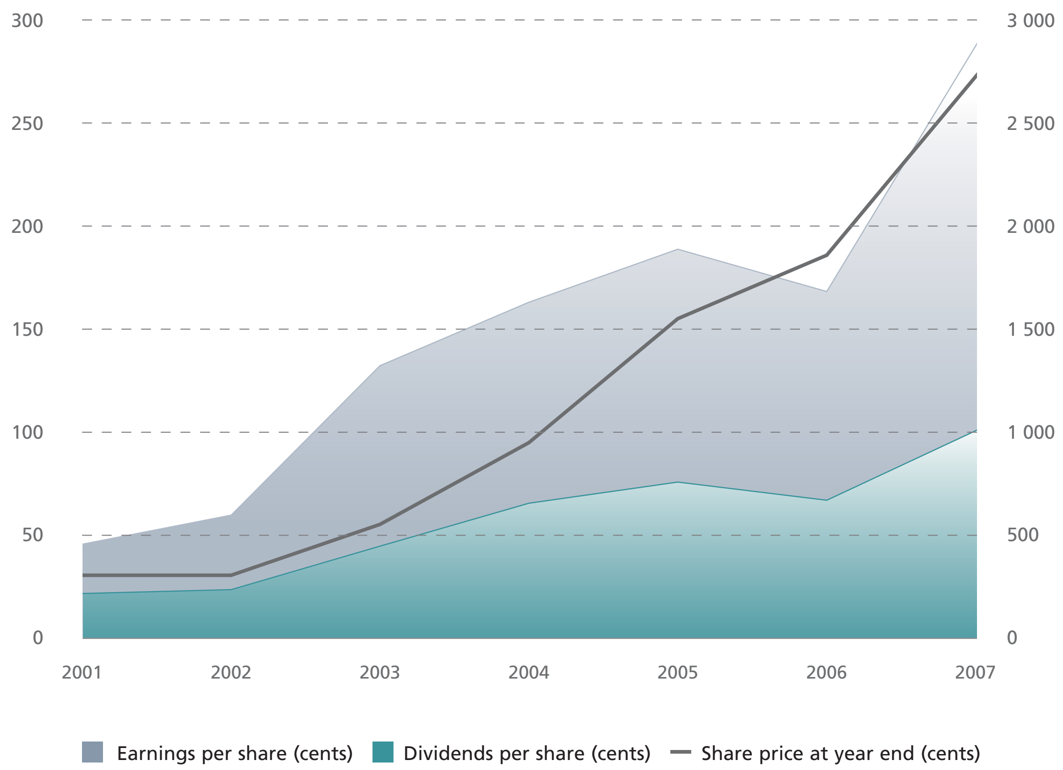
Financial highlights

	March 2007 R'000	March 2006 R'000	March 2005 R'000	March 2004 R'000	March 2003 R'000	March 2002 R'000	March 2001 R'000
Revenue	**2 663 398**	1 907 754	1 937 593	2 069 163	1 907 317	1 352 311	1 057 384
Operating profit before finance costs and interest received	**281 229**	197 843	231 957	229 451	230 123	122 405	90 417
Profit for the year	**217 724**	125 165	108 507	99 631	96 502	45 991	39 584
Ordinary shareholders' interest	**886 161**	716 296	365 075	312 339	343 665	268 783	263 878
Earnings per share (cents)	**292**	170	190	164	133	60	46
Diluted earnings per share (cents)	**287**	169	190	160	130	58	45
Dividends per share (cents)	**104**	68	77	66	45	24	22
Share price at the year end (cents)	**2 750**	1 850	1 550	935	550	310	295



Bearing Man South Africa's leading distributor of bearings, seals, power transmission components, geared motors, belting and fasteners.	NSK, IKO, Hallite, Fenner, Nord, Ammeraal Beltech, NTN, Tsubaki, Timken
Northmec Distributor of leading agricultural machinery, implements and related spares.	Case IH (Trekkers & Stropers/Tractors & Combines), Lely (Maaiers & Harke/Mowers & Rakes), Jacto (Spuite/Sprayers), Baldan (Skottels/Discs), Sitrex (Harke/Rakes), Geringhoff, Storti (Voermengers/Feed Mixers), Welger (Balers)
CSE Distributor of construction and earthmoving machinery, turf grooming machinery, golf cars, utility vehicles and related spares.	Case Construction, Club Car (Golf and Utility Cars), New Holland Construction
Autobax Importer and distributor of timing chains, timing belts, timing components and oil pumps to the automotive industry and similar niche products to the motorcycle industry.	Ferodo Racing, STC Shimizu, Gates, Powergrip, Europart, EK, MSD Race Parts, Putoline Oil
NEW HOLLAND Importers and wholesalers of New Holland agricultural equipment and specialised Braud grape harvesters to a countrywide dealer network.	New Holland, Braud

Invicta Holdings Limited is an investment holding and management company, controlling and managing assets of R2 986 million (2006: R2 498 million). Its operations comprise:

- the importation and distribution of a comprehensive range of bearings, belting, seals, power transmission products, fasteners and geared motors;
- the importation and sale of machinery and related spares for the agriculture, earthmoving, turf grooming and golf-car markets;
- the distribution of a niche range of spare parts to the automotive industry and niche products to the motorcycle industry.

Profile

INVICTA HAS AGAIN ACHIEVED EXCELLENT TRADING RESULTS IN A RECORD BREAKING YEAR ... CONCLUSION OF A BEE TRANSACTION AND TOP 100 STATUS ON THE JSE FOR THE TWELFTH YEAR IN A ROW.

GROUP OVERVIEW

The Invicta group has achieved excellent results in a record breaking year and has successfully concluded a BEE transaction with aloeCap (Pty) Ltd ("aloeCap") and the Invicta staff Trust. Invicta was also selected as a Top 100 Company on JSE for 12th year in row, an honour of which we are proud.

Turnover reached R2 663 million, up 40% on last year, and earnings attributable to shareholders increased 73% to R216 million. This translated into earnings per share of 292 cents per share, 73% higher than last year and headline earnings per share of 260 cents per share 53% higher than last year. Cash generation was strong, and the group ended the year with net cash and cash equivalents of R195 million, an increase of R275 million over last year.

GROUP TRADING RESULTS

All the group's divisions traded significantly better in the current year. The only exception to this was the earthmoving equipment division, which struggled in a very competitive, albeit buoyant, market.

Bearing Man

Bearing Man, currently the largest profit contributor in the group, had a record year, achieved mainly on the back of increased industry volumes, organic growth, a weaker Rand in the second half and contributions from acquisitions made last year. Turnover grew by 16% to R1 355 million, and its operating income of R173 million was 12% higher than last year. The main contributor to profits is still its bearings division, which is well complemented by its other divisions.

In October 2006, Charles Walters was appointed managing director. Although he comes from outside the industry, his mechanical engineering and commercial qualifications soon saw him settling comfortably into his new role. The fact that Bearing Man was able to produce its outstanding results despite the disruption caused by the search for a new managing director and a three month vacancy in the position, is testimony to the depth and quality of management in the company.

Northmec

The agricultural machinery market staged its expected recovery after the slump of the previous year, which was driven at the time by reduced grain plantings caused by grain surpluses, depressed grain prices and a strong Rand. Total tractor sales in South Africa during the year under review rose 19% to 5 389 units and the ratio of large (greater than 100kW) tractors to small tractors returned to normal. As a consequence, Northmec and New Holland SA were able to deliver good results. Northmec's turnover was 61% higher than last year and its trading profit was 226% higher. It managed to maintain its dominant position in the large tractor and combine harvester markets. A notable achievement for Northmec during the year under review was its significant export sales into Africa, which materially contributed to its growth in turnover and profits.

New Holland

On 1 April 2006, the Invicta group took control of New Holland SA, and managed to bed down the acquisition within only three months, which is an incredible feat and a huge tribute to management. One of the remarkable achievements during this period was the relocation of the fast-moving spare parts warehouse of 17 800 line items from Bothaville to Johannesburg in a period of only 7 days. Despite the major disruptions, New Holland SA was able to contribute a small profit after tax, after bearing substantial restructuring costs. We must also make mention of the solid support the group had from CNH, the principal for New Holland (and Case), without whose help it would not have been possible to achieve the impossible.

CSE

CSE, our earthmoving equipment division, did not fare well. The construction equipment industry in the country was buoyant as preparations for the 2010 World Cup soccer gained momentum and projects like the Gautrain project got off the ground. Industry volumes were, in general, about 23% higher than last year, but despite CSE's volumes also being up, fierce pricing competition resulted in CSE's turnover being only 8% higher than last year. This resulted in CSE's contribution to profits being marginally lower than last year. With the many new entrants to the construction equipment market in South Africa, especially at the cheaper end of the market with products from China and India, CSE does not expect an improvement in its profits in the coming year, although it has taken steps to counter this new threat.

BLACK ECONOMIC EMPOWERMENT

On 16 March 2007, Invicta announced its much anticipated BEE transaction, which was the culmination of nearly 2 years of preparatory restructuring of the group's balance sheet and searching for – and negotiating with – the ideal BEE partner for the group. Our new partner is aloeCap, which is a 100% black owned and managed company. It is held 90% by its founder black entrepreneurs and 10% by a trust established to benefit previously disadvantaged women.

The transaction started anew in February 2006, when the group restructured its balance sheet by selling all the group's trading assets into one wholly owned subsidiary, Humulani Investments (Pty) Ltd ("Humulani"). Debt was introduced into Humulani, thereby reducing its equity value. This enabled Humulani to successfully conclude the following BEE shareholding:

- 20% new ordinary shares in Humulani were issued for R93 000 000 to aloeCap Private Equity Investments 1 (Pty) Ltd, a wholly owned subsidiary of aloeCap; and

Board of directors

1. C H Wiese (65)
Non-executive chairman, BA, LLB, DCom(h.c.)
Non-executive chairman of Invicta Holdings Limited from October 1997 to April 2000 and a non-executive director since April 2000, re-appointed non-executive chairman in January 2006. Chairman of Tradehold Limited, Shoprite Holdings Limited and Brown & Jackson plc (listed on the London Stock Exchange). Non-executive director of KWV. Chairman of Pepkor Limited until it was de-listed in 2004. Recipient of numerous business recognition awards.

2. M Rose-Innes (63)
Non-executive director, BCom
After University he joined Senbank and became head of Corporate Finance, which post he held for 7 years. Managing director of Rand Merchant Bank for 3 years and was a director for a further 5 years. Part owner and managing director of Rolux-Wolfe Tools in RSA and U.K. for a total of 11 years. Joined the Invicta Group as chief executive in August 1991. Appointed chairman in April 2000, and became a non-executive director in January 2006.

3. A Goldstone (46)
Managing director, BSc (Mech Eng), BCom(Hons), CA(SA)
Worked as a management consultant at KPMG prior to joining the Invicta Group in January 1990 as financial manager. Appointed financial director in August 1991. Appointed managing director in April 2000.

4. A M Sinclair (53)
Executive director
Joined JI Case in 1982 and was appointed branch manager in 1986. Joined CSE in 1989 and was appointed a divisional managing director in 1993. In 1998 appointed managing director of CSE and in September 2006 appointed as an alternate director of Invicta Holdings Limited. Appointed executive director of Invicta on 7 June 2007.

5. D I Samuels (67)
Non-executive director, CA(SA)
Joined Trade and Industry Acceptance Corporation Limited in 1971 and was appointed director from 1980 to 1984. From 1989 to 2000 was managing director of Stenham (Pty) Ltd. In 1996 was appointed non-executive director of Invicta Holdings Limited. Appointed non-executive director of Bearing Man Limited in 2001 and chairman in 2002.

6. R E Sherrell (74)
Non-executive director of Invicta Holdings Limited from September 2006.
Served as non-executive director of Bearing Man Limited for 20 years until it was de-listed in 2006. During that period he also served as the chairman of Bearing Man for a number of years. Most of his business life was spent in Merchant Banking and Corporate Finance with his final active years being in the Rand Merchant Bank group.

7. C E Walters (39)
Alternate executive director BSC (Mech. Eng.), B Comm, Harvard Business School (Management Development Program).
Joined Anglo American Corporation in 1986 as Corporate Graduate Engineering trainee where he held numerous positions in both the Anglo group and De Beers. Appointed marketing and sales manager – Pulp for Mondi SA in 1996 and appointed managing director of Mondi Sales International in 2002. Appointed managing director Bearing Man (Pty) Ltd in September 2006. Appointed alternate director to D I Samuels on the Invicta board on 7 June 2007.

8. C Barnard (43)
Executive director CA (SA), MBA, ACIS
Jointed Sappi as management accountant in 1993, joined Group Five in their commercial development subsidiary in 1996 and was appointed commercial manager in 1997. In 1998 joined Invicta as financial manager, appointed director of CSE Equipment Company (Pty) Ltd in 1999 and company secretary of Invicta in 2002. Appointed executive director of Invicta on 7 June 2007.

9. A K Masuku
Non-executive director BCom, BCom (Hons), MComm, MDP (University of New York)
Mr A Masuku has 10 years experience with both local and international banks (SCMB), J P Morgan and Real Africa Durolink) structuring and concluding transactions with some of South Africa's top 200 corporates, parastatals and BEE players. appointed managing director of aloeCap (Pty) Ltd in May 2007. Appointed non-executive director of Invicta on 7 June 2007.

10. J Mthimunye
Alternate non-executive director to A Masuku CA (SA)
Appointed financial accountant Department of Finance in 1993. A founding partner of Gobodo Inc and established the corporate advisory service in 1997. Appointed financial manager at Nampak Tissue in 1995. Previously appointed managing Director of aloeCap (Pty) Ltd and appointed executive chairman in May 2007. Appointed alternate director to A K Masuku on 7 June 2007.

- 5% new ordinary shares in Humulani were issued for R23 250 000 to The Humulani Investments Share Incentive Trust ("the Staff Trust"), a trust established for the benefit of black staff of the Invicta group. Invicta advanced the funds to the Staff Trust for the purchase of the shares.

We are delighted to have aloeCap on board as a partner. It has built a solid track record over the past 10 years as a significant advisor to the public sector, an investor in various businesses in the mining, fabrication, wholesaling, IT and events management industries, and a raiser of funds from financial institutions for its clients. More details about the transaction are included on page 25 of the Annual Report. A detailed statement setting out the terms of the deal was published on 16 March 2007.

Acquisition of Tiletoria

On 22 December 2006, Invicta announced the acquisition of 60% of Tiletoria Cape (Pty) Ltd, an importer and distributor of ceramic tiles in the Western Cape, in a cash transaction valued at R46 million. Management of Tiletoria will retain the remaining 40% of the shares in Tiletoria. The company has been established in the Western Cape for the past 11 years and has steadily grown to become one of the major retail and wholesale distributors of floor and wall tiles in the Western Cape. It has a showroom and offices in Paarden Eiland, Cape Town and employs 70 people. Its comprehensive range of tiles runs from ceramic and porcelain to quarry and natural stone tiles.

The acquisition of Tiletoria provides Invicta a third leg to the group, in an industry which is expected to continue performing strongly in the medium to long-term.

Although the building industry falls outside Invicta's traditional range of businesses, Tiletoria's activities of importation and distribution are identical to Invicta's. Tiletoria's management has a proven track record and they are remaining on as shareholders in the business. Invicta has experience at managing and developing a national network of outlets for its products, which will be the strategy for Tiletoria – to grow it into a major national network. All the conditions precedent have been fulfilled and the vendors were paid on 1 June 2007, in cash, from which date Tiletoria will be consolidated into the group. Included in the assets acquired is the Tiletoria property in Paarden Eiland, which is located in a prime position on a major highway into Cape Town.

APPOINTMENTS TO THE BOARD

We are delighted to announce the following appointments to the board of directors of Invicta Holdings Ltd:

- Attlee Masuku, as non-executive director. He is the managing director of the aloeCap group, our BEE partners;
- Joe Mthimunye, as alternate director to Attlee Masuku. He is the executive chairman of the aloeCap group;
- Tony Sinclair, as director. He was previously an alternate director to Michael Rose-Innes, and is the managing director of the group's heavy machinery divisions;
- Craig Barnard, the company secretary, as commercial director; and
- Charles Walters, as alternate director to David Samuels. Charles is the managing director of Bearing Man.

More details of the background of each of the above directors appear on page 5. We are looking forward to the exciting era that we are entering with our new board.

PROSPECTS

Bearing Man expects the current positive trading conditions in its markets to continue for the coming year. In light thereof, management expects Bearing Man to produce real growth. The agricultural market in South Africa, on the other hand, is uncertain at present due to the drought that has gripped a large part of the maize growing area. It will be challenging to show any improvement in this division.

Our earthmoving machinery division, CSE, faces severe competition in its markets as more and more Eastern Bloc products flood onto the market, making it unlikely that it will be able to improve on its performance next year.

Tiletoria's results will be included from 1 June 2007, but it is not expected to make a material contribution to the group until its expansion plans reach fruition.

The group continues to pursue various acquisitions. It is also considering proposals to reduce the effective cost of borrowing of the group's long-term debentures. These are all long-term enhancements and, given the uncertain conditions mentioned earlier and the slight dilution arising from the introduction of BEE partners in Humulani, management expects very little growth in attributable profits in the coming year. It is confident, however, that its long-term strategies will provide a solid platform for sustained growth in future years.

CONCLUSION

The group has enjoyed a record breaking year and achieved Top 100 status on the JSE for the twelfth year in a row. Thank you to all our staff members, all of whom have contributed to this. We are fortunate to have such a loyal staff contingent and will continue to seek ways to maintain and improve this competitive advantage. Together we look forward to another successful year.

A Goldstone
Managing director

C H Wiese
Chairman
6 June 2007

Corporate information

Company registration number
1966/002182/06

Nature of business
Investment holding and management company

Secretary
C Barnard
PO Box 851, Isando 1600

Business address
Unit 1A, Ground Floor, Seardel House
Alphen Park, Constantia Main Road
Constantia 7806

Postal address
PO Box 89, Constantia 7848

Auditors
Deloitte & Touche Chartered Accountants (SA)
Deloitte & Touche Place, The Woodlands
Woodlands Drive, Woodmead, Sandton 2052

Share transfer secretaries
Computershare Investor Services 2004 (Pty) Ltd
PO Box 61051, Johannesburg 2107

Bankers
Standard Bank, ABSA Bank, First National Bank,
Nedbank and Citibank

Attorneys
Bernadt, Vukic, Potash and Getz
10th Floor, BP Centre, Thibault Square
Cape Town 8001

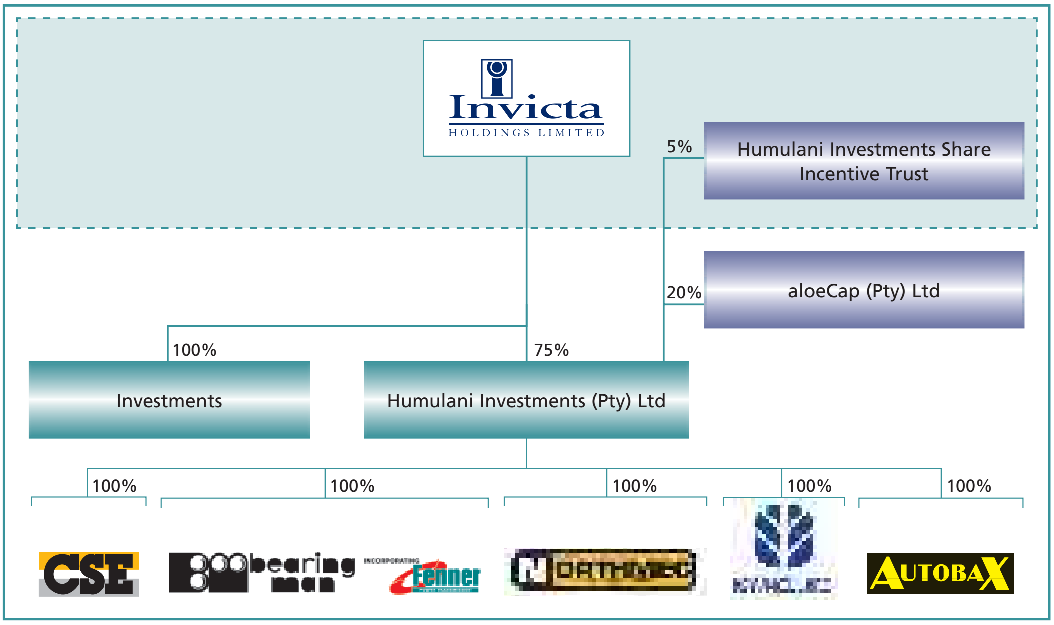
Website
www.invictaholdings.co.za

Audit committee
D I Samuels – Chairman
A Goldstone
C Barnard

Risk committee
D I Samuels – Chairman
A Goldstone
C Barnard

Remuneration committee
C H Wiese – Chairman
D I Samuels
A Goldstone (ex officio)

Corporate structure



BEARING MAN

Bearing Man is Africa's largest specialist distributor of bearings, seals, power transmission components, electric and geared motors, belting and fasteners. The company now boasts 100 outlets in Southern Africa.

REVIEW OF OPERATIONS

Bearing Man has enjoyed a good year, filled with positives for the company, its customers and staff.

Turnover increased to R1,36 billion, 16% ahead of last year and 29% higher than two years ago. Gross margins suffered due to competitor pressures and supplier price increases, as well as changes in sales mix, with greater sales growth emanating from lower margin divisions. Expenses were, however, kept in check resulting in operating profit of R173 million being achieved at an operating margin of 13%. This represents growth in operating profit of 12% over last year. The return on average capital employed in the business increased from 24% last year to more than 25% this year.

With a new chief executive at the helm, Bearing Man is developing new growth strategies, whilst continuing to fulfill its existing business objectives.

The company has exclusive supply, service and distribution agreements with some of the world's most respected manufacturers of leading engineering consumables. Bearing Man's continuing growth can be attributed to a well structured expansion programme, where carefully selected products are launched to satisfy market demand. Immediate availability of a comprehensive range of quality branded products has set the company apart in a highly competitive industry.

More good news is the conclusion of Invicta's BEE transaction which will stimulate future growth of the group's business. The Bearing Man team is proud to work alongside dynamic business people who are making a positive impact on the South African economy.

In the past financial year Bearing Man's logistics department has initiated a complex process of analysing the efficiencies of the company's local distribution system. Specific areas for improvement have been identified and the process of researching and analysing alternative distribution models is under way.

Bearing Man Park, the company's Johannesburg operation, has been restructured to accommodate increased capacity requirements and to improve efficiencies. Additional warehousing has been established, existing facilities have been re-organised and a new management structure is in place.

Management believes these enhancements will add substantial value to the company's position as industry leader and will strengthen Bearing Man's reputation as a reliable and efficient supplier of engineering products throughout Southern Africa.

The company's ISO roll out programme is progressing well. Two businesses recently acquired by Bearing Man – Top Class and Springset - as well as the company's head office, warehouse, Johannesburg distribution centre and 95 branches, have been re-certified to ISO 9001:2000 compliance. OHSAS (occupational health and safety) is being implemented and integrated into the company's Quality Management System.

Bearing Man's vision "to enhance technical skills and customer service and relationship management across the organisation" encompasses dedication to training its people using appropriate tuition programmes that deliver quality training.

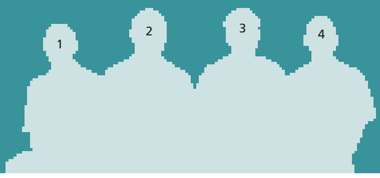
Teaching modules include financial and computer literacy, contract law, technical skills, life skills, management skills, customer service, Zulu, telephone etiquette, forklift driving and ABET (adult basic education and training) programmes.

Bearing Man is also committed to sustainable development and instils in its team a responsibility for health, safety, the environment and local communities.

The group is involved in The Business Trust, which is an initiative of a large number of South African companies working in partnership with the Government to help provide sustained improvements in the lives of the underprivileged.

Bearing Man's new Kerridge ERP system has developed significantly in the past year. The IT division's focus has been on developing 'value add' applications to improve efficiencies.

Bearing Man



1. W Taylor
2. C E Walles
3. A Bekker
4. P McKinlay

BEARINGS DIVISION

The bearings division had a positive year, achieving sales and gross margin targets for the financial year. These goals were achieved despite lengthening supplier lead times and resultant stock shortages. A surge in demand for large size product, readily available from Bearing Man, helped to boost sales.

The increased availability of Chinese product continues to put pressure on margins. This has been exacerbated over the last year by the relative unavailability of first tier quality product. Considerable capital investment in capacity improvement by some of the company's key suppliers, in particular NSK and Timken, will ensure improved availability in the coming period. This will assist in achieving stock management objectives.

The outlook for industrial bearing sales for 2007/8 remains positive. Buoyant steel, mining and process industries have ensured continued positive demand for bearing products.

SEALS DIVISION

This has been another tough year for the seals division, characterised by difficult trading conditions. The market has seen a trend of traders stocking up on fast moving commodity lines and selling at unreasonably low margins. The seals division has taken steps to counter this. As a means of increasing sales, alternative routes to market will also be considered in the coming year.

Bearing Man is also investigating the opportunity to distribute several leading brands of hydraulic and industrial hose throughout Southern Africa.

The seals division has changed its stock re-order format, which has resulted in reduced landed costs, improved stock holding and signs of an increase in sales volumes.

POWER TRANSMISSION

The power transmission division, which comprises drive belts, chain and ironware, has again exceeded expectations for the year.

The focus of the division continues to be on world leading brands, represented exclusively by Bearing Man in Southern Africa. The Fenner, Tsubaki, Transfluid, Flexo, Esco and Webb portfolios have performed exceptionally well during the period.

The commodity business has suffered pricing pressures with an increasing number of local companies importing products from the Far East. This trend continues to negatively affect margins.

The power transmission market continues to be highly competitive, but with Bearing Man's excellent stockholding and an extensive branch network, the division is expected to retain its competitive advantage.

The power transmission division ascribes its continuing growth to disciplined trading and a dedicated focus on leading brands and niche products.

POWER DRIVES

Power Drives, which had a management change during the trading year, continued its strong growth rate of the last few years. This solid growth was achieved across all products in the division's comprehensive range.

The division imports components, assembles complete units and supports a comprehensive range of industrial gear products and electric motors for the Southern African market.

The electric motors business continues to perform well. With the ongoing development of key niche motor products, electric motors are expected to continue to provide a strong platform for the division in the coming year. Some of these products include pad mount motors specific for airflow industries, as well as lawn mower motors for the OEM market.

The division has also extended its range of Nord frequency inverters. Power Drives has entered into a new distribution agreement with Danfoss of South Africa, which will enhance the division's ability to supply products for system integration solutions, as well as automation of industrial plants.

The growth of Power Drives has necessitated an increase in resources and over the past year, the workshop facility's floor space at Bearing Man Park in Johannesburg has been increased by 350m^2. New equipment includes a 20 ton gantry crane to assist with the assembly and repair of Sumitomo Paramax units and a vibration test bed facility which is mounted into the foundation to provide accurate condition monitoring readings.

Further resource expansions are planned as there has been a significant increase in demand from the market for the Paramax range, which is recognised as one of the most reliable and cost effective products available.

Power Drives, which is constantly looking at improving its efficiencies, is well positioned to continue its growth strategy.

BELTING SOLUTIONS

Belting Solutions is an established and reputable supplier of conveyor drive transmission products, accessories and services to the general industrial market.

The division has again posted significant sales growth this year, built on its well established customer base.

The belting division offers a comprehensive range of quality branded belting products into the light and heavy manufacturing sectors, and the mining and agricultural sectors.

Belting Solutions has recently been awarded full distributor rights to HabasitRossi – the world's leading manufacturer of light specialised belting products. This European based company is known for its leadership as a niche applications specialist in the textile, paper and print, particle board production, food handling and packaging industries.

Belting Solutions continues to build on its solid service base offered through seven strategically located belting hubs, equipped with the latest tooling and equipment and manned by competent belting technicians and sales support teams.

FASTENERS

The fasteners division turnover and profitability finished well above the previous year.

The division, which comprises Springset and Fast Bolt, has become the single largest importer and stockist of fasteners in Southern Africa.

The division has launched a new range of locally produced Lock Bolt pins and collars and has also secured sole distribution locally for the quality branded, competitively priced DTG range of Gear Wrench and SATA tools. The Nord-Lock washer range has continued to grow alongside other products in the fastener range.

The fasteners division continues to look for new markets and niche products to be able to offer its extensive customer base components that meet exacting requirements.

The division is targeting to increase market share further in 2007.

OST AFRICA (PTY) LTD

Expansion over the past 12 months in the local industrial sector, particularly in mining and construction, has provided OST Africa (Pty) Ltd ("OST") with the opportunity to successfully introduce its unique product range to both original equipment manufacturers and end users. Research and development continues to play a major role in the company's range of specialised vibration products which services the screen, transmission and materials handling sectors.

During the year under review, OST experienced an unprecedented growth in sales, which stretched its resources to the limit. The company is committed to making the necessary investment in infrastructure to capitalize on the strong growth in demand for its products and to ensure delivery of the highest standard of quality, backed by a world class service.

Whilst retaining its own corporate identity, OST continues to support Bearing Man's national branch network with a wide range of products and technical skills.

AUTOMOTIVE

The automotive division supplies a comprehensive range of premium branded bearings and allied automotive products to the aftermarket via Top Class to national and regional wholesalers, as well as through the Bearing Man and Invicta branch networks.

Vehicle sales in South Africa have reached record levels over the last 18 months which augurs well for the division. Because the range of vehicles has increased dramatically, there is a need to carry a wider range of bearings and seals and this has necessitated the need for higher inventory levels. During the past six months the automotive division has increased its range of wheel bearing kits and is now focusing on other automotive parts that can be supplied in kit form.

Although the market is characterised by high volume sales at low margins which are continually under pressure, the outlook for the automotive division is positive. The division, which is committed to improving operational efficiencies and customer service levels, is optimistic about growth in the new year.

OUTLOOK FOR THE NEW YEAR

Bearing Man is well positioned to maintain and enhance its prominent position in the South African engineering consumables sector. The company's vision is to become the preferred provider of technical solutions using its in-house technical expertise and leading product brands sold through its substantial branch network throughout sub-Saharan Africa. This vibrant company is geared to meet the strong demand across all sectors of industry.

With renewed focus and energy, the company looks forward to delivering on its core goals of:

1. Growth in sales and profitability
2. Cost efficiency
3. Service excellence
4. Superior returns on capital

NORTHMEC

Northmec, established in 1869, is the oldest agricultural equipment and implement distributor in South Africa. It is one of the leading full-line importers and distributors of agricultural equipment in Southern Africa.

The product range of Northmec includes Case tractors and combine harvesters, Welger balers, Jacto sprayers, Baldan tillage equipment, Lely mowers, Storti feed mixers and Sitrex rakes. These products are imported from around the world and are distributed through 11 wholly owned branches and 42 privately owned dealerships strategically situated in the heart of the grain areas.

During the year under review, Northmec performed well, recovering from the difficult previous year. Turnover and profit increased significantly as the demand for bigger tractors and combine harvesters returned to normal levels, and export sales into Africa grew. Northmec's turnover rose by 61% and operating profits increased by 226% compared to last year.

GRAIN INDUSTRY

The grain industry recovered significantly from the previous year, which experienced low prices, reduced plantings and large surpluses of grain. During the year under review, prices rose significantly and plantings increased accordingly. In the second six months of the year under review, however, drought conditions have had a major impact on the farmer, mainly in the maize triangle in the western part of the country. This resulted in lower yields, but maize prices have been high enough to enable farmers generally to achieve a breakeven.

The Swartland area has produced very good wheat yields after receiving good rains at the right time.

The drought in the maize areas is expected to have a negative effect on plantings in the coming summer season, and Northmec anticipates making a lower contribution to the Invicta group than in the year under review.

TRACTORS (CASE PRODUCTS)

Total industry volumes of tractor sales for the year under review grew by 19% to 5839 units. Northmec's overall market share remained consistent at 6%, with demand for big tractors, which is Case's strength, returning. Nevertheless, smaller tractors (less than 100 kilowatts) still accounted for nearly 85% of the total industry volume. Case introduced a smaller tractor into this very competitive sector, which helped Northmec to secure tenders and other local business from which it had previously been excluded. The biggest threat in the future to Northmec's participation in this sector is the cheap value-line products from India and China which have begun to appearing on the local market.

COMBINE HARVESTERS (CASE PRODUCTS)

The year under review saw an increase in the market volumes of combine harvesters of 12%. Northmec retained its position as the market leader of this segment with 46% market share.

Market demand is expected to remain at current levels in the coming year.

BALERS (WELGER PRODUCTS)

The drought conditions experienced in certain areas resulted in another good year for hay equipment. The major demand was for smaller, cheaper units and the market experienced a change from the traditional round balers to square balers. This led to a very competitive year for Northmec's baler business, with new suppliers entering the market. Northmec's share has remained at 24%. The market is expected to increase slightly in the coming year.

OTHER EQUIPMENT

Northmec's other equipment viz. Baldan (tillage), Jacto (sprayers), Storti (feed mixers) and Lely (hay equipment) made a significant contribution to turnover and profitability, with all brands maintaining a strong presence in the market, despite reduced demand due to market conditions.

These products helped to complete the Northmec product range, enabling it to be a full-line supplier to the agricultural market.

AG SOLUTIONS (PRECISION FARMING PRODUCTS)

Ever increasing production costs have forced farmers to focus on new farming methods. Increased mechanisation and the application of precision farming techniques have been major contributors to the increase in yields on farms, enabling farmers to be more profitable.

In order to meet the challenge of precision farming, Northmec has continued to invest in its AG Solutions division, which is manned by agricultural engineers. They supply equipment and advise farmers on precision farming, employing advanced computer programs and electronic equipment, thereby ensuring that Northmec's customers are up-to-date with cutting-edge technology.

THE FUTURE

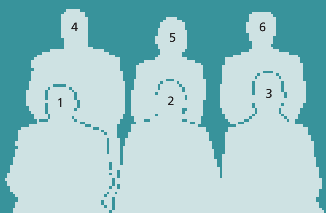
The coming year is difficult to predict. The summer ended with a large portion of the maize triangle suffering from drought. Countering this is the start of a good season in the Swartland (mainly wheat) area in the Western Cape, a winter rainfall area. The introduction of Bio fuel production plants should create further long-term demand for low grade maize, encouraging farmers to plant on marginal land.

Northmec is fully committed to the agricultural industry and has opened another branch in an area where the majority of the land is irrigated, which delivers high yields and gives protection against droughts.

There is a constant need for farmers to diversify from traditional maize crops to more lucrative ones, and Northmec, with its full-line product base, is well positioned to support this trend.

Northmec is expecting to export less into Africa in the coming year, which, coupled with the abovementioned market conditions, leads management to predict that Northmec will make a smaller contribution to Invicta in the coming year than in the year under review.

Northmec



1. P Viljoen
2. A Sinclair
3. J van der Merwe
4. B Grobler
5. L Smit
6. G Balshaw

CSE

CSE is a distributor of construction and earthmoving machinery, turf related machinery and golf cars, and has been well established in the market for 46 years. It has an extensive distribution network of branches and dealers which cover the major centres of South Africa and the surrounding countries. During the year a new branch was open in George to support the turf related products in the area.

CSE imports and sells leading branded products such as CASE and New Holland earthmoving equipment, Jacobsen, Ransomes, Cushman and Ryan turf grooming equipment and Club Car golf and Utility cars.

Trading and economic conditions during the financial year under review were, generally, favourable, but competition was fierce. Turnover increased by 8% but due to pressures on margins, profit was 5% lower than last year.

Management is confident that the sales growth will continue. It will focus on core markets, after sales service, increasing the product range and cost management.

CSE – EARTHMOVING DIVISION

The earthmoving machinery market in South Africa was again buoyant during the year under review. Increased expenditure by Government on infrastructure continued during the year as the preparations for the 2010 World Cup soccer gained momentum. Volumes in the various market segments increased on average by a little more than 20% over the prior year. This resulted in CSE increasing its volume sales in the segments in which it trades in line with the market.

The earthmoving division performed reasonably well during the year under review, with the turnover increasing by 8% over last year, but due to the highly competitive nature of the market, margins were under pressure. During the year, CSE relinquished it's exclusive agency for New Holland backhoe loaders, but it will continue to supply the New Holland backhoe until orders on hand have been satisfied, and it will continue to support its customers who have product in the field.

With the continued increase in infrastructural spending by Government (e.g. 2010 World Cup soccer, Gautrain project) as well as buoyant housing and commercial property sectors, the year ahead should result in demand continuing at the current levels. There are numerous new entrants to the earthmoving machinery market in South Africa, especially from China, which will increase competition in an already competitive market. Management therefore anticipates increased turnover, but little increase in profits in the coming year.

TURF GROOMING DIVISION

The CSE turf division delivered solid results during the year under review, despite recording a 3% decrease in turnover. Major brands in the turf grooming stables are Jacobsen Ransomes from USA and UK, and Verti-drain from Holland, which are all world leaders.

A specialised Turf branch was opened in George during the year under review to ensure continuous support for the large fleet of Jacobsen and Club Car equipment on courses like Fancourt, Oubaai, Pinnacle Point and others in the area. In the Johannesburg area further investments were also made in larger premises with emphasis on workshop and product support.

Golf courses around the country have continued with their capital expenditure replacement programs to ensure quality playing conditions, and residential golf course developments are progressing almost unabated. CSE is actively working with developers on new projects and is well positioned with quality products and support to continue taking advantage of this consistent market trend.

The division maintained its market share this year and aims to continue as a major player in the turf industry by placing greater emphasis on new golf course developments at the planning stage. The year ahead looks promising with substantial orders already in hand.

CLUB CAR DIVISION

The golf car division has once again successfully managed well in a very competitive market. The market remained static and the division did not increase its turnover compared to last year. The golf car rental division, the biggest in its sector, has maintained a secure position in the market and ensures Club Car is well represented on all the major golf courses in South Africa.

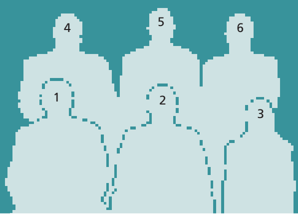
CSE's performance has been recognised by its principal, Club Car USA, by being awarded the "International Dealer of the Year" award for 2004, 2005 and 2006.

Club Car can be found on most golf courses, and a major achievement during the year was to secure the supply of cars to the world recognised Pinnacle Point golf estate.

The introduction of Club Car's new Precedent car has been well accepted in the market and it has added impetus to the growth as it has done in the USA. CSE is also developing the market for its Utility Cars in applications other than golf courses.

CSE is well placed to keep its lead in the industry and with its direct involvement in the rental business, has secured its position as a major supplier in the market.

CSE



1. R Watson
2. T Sinclair
3. C Hope
4. B Grobler
5. S Kite
6. G Balshaw

AUTOBAX

Autobax is one the country's leading importers of automotive timing components, oil pumps and belting and has been operating in South Africa for 37 years.

The company supplies all the major automotive manufactures and aftermarket wholesalers throughout South Africa and neighbouring countries from its head office in Cape Town and a branch in Johannesburg.

Autobax imports and distributes leading international and local brands such as Gates, Aisin, TBK, Sanyco, Shimizu, Universal Clips and Europart. Autobax has a long history of strong partnerships with these companies and continues to retain exclusive distribution rights in South Africa for their products.

Turnover increased by 7% for the year but a negative factor has been the increased availability of sub-standard products in the market. This has been effectively countered by Autobax with a quality product awareness campaign that has yielded positive results.

MOTOSPORT DISTRIBUTION

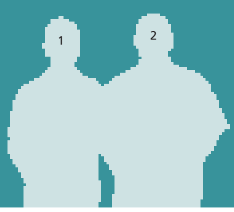
MotoSport Distribution, the motorcycle and accessories division of the business has grown significantly in its six years of operation. Turnover grew by 22% over last year as the division increased its market share.

Exclusive distribution rights in South Africa have been obtained for leading brands such as Maxxis Tyres, Putoline Lubricants, Ferodo Motorcycle Brakes, Sidi Boots, EK Chain and PBR Sprockets. MotoSport Distribution is expected to continue expanding its product and customer base in the coming year and additional warehousing has been secured in order to accommodate this growth.

Overall Autobax and MotoSport Distribution have both had a positive year, achieving budgeted sales and gross margin targets throughout the year, increasing combined turnover by 11% over last year, but due to competitive trading conditions during the year, gross profit remained relatively unchanged. The division expects to deliver similar results in the coming year.

Autobax

1. N Whitehead
2. P Smith
3. F Hall
4. M Scullard



1. P Smith
2. G Londt

NEW HOLLAND

New Holland SA, a market leader in the agricultural industry in South Africa, imports and wholesales a broad range of products including tractors, combine and forage harvesters, balers and hay equipment, and the specialised Braud grape harvester.

New Holland is a house-hold name in the agricultural market and has a very large population of working tractors in the field in South Africa.

The products are distributed through 89 privately owned outlets, from which product support is provided.

In April 2006, Invicta Holdings acquired 100 percent of the shares in New Holland SA (Pty) Ltd, whose operations were based in Bothaville in the Free State. The company embarked on a major rationalisation programme over a three month period which encompassed the relocation of the Bothaville operations to an existing, centrally positioned facility in Johannesburg. Included in this was the moving of the fast-moving spare parts warehouse containing approximately 17 800 line items, which was completed in only seven days. The incorporation of the administration into the existing Invicta infrastructure has contributed to major cost savings in the company.

The New Holland training building in Bothaville has been retained and the facilities are now being fully utilised for agricultural machinery training for the entire Invicta group.

The large investment in working capital made by Invicta Holdings resulted in improved availability of New Holland tractors, equipment and parts. An additional investment in ongoing staff training programmes promises to provide appropriate solutions to customers' specific requirements.

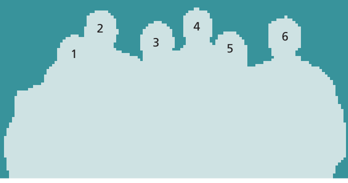
Management is happy to report that the results achieved for the year under review are better than anticipated, with the company making a small profit after tax, despite all the restructuring costs. The company is now also cash positive.

With the backing of the Invicta group and the support of its principal, CNH, New Holland SA has regained its position as one of the leading tractor suppliers in South Africa. In its quest to become a full-line agricultural supplier, the company is seeking additional quality products which will complement its existing product line-up. This will give its loyal dealer network and end users a better choice of products from a single supplier.

At the time of writing this report, a large portion of the country has been in the grips of a drought, which may dampen the company's prospects in the short-term. However, management is confident that over the medium to long-term, the company will grow from strength to strength.

New Holland

1. P C Askew
2. I Coetzer
3. J B Hatting
4. I Myburgh
5. J de Lange
6. J S Barnard
7. G G Barnard
8. Q Smit
9. W J Geyser
10. J D du Preez
11. R P Stofberg



1. P Collins
2. J P Reyneke
3. M J Roth
4. L A F Cronje
5. E T Theko
6. J de Lange

Tractor

Grape harvesters

Tractor

Grape harvester

Invicta endorses the Code of Corporate Practices and Conduct, the King II Report on Corporate Governance. Ongoing enhancement of corporate governance principles is a global movement and is fully supported by the board and management. Invicta will continue to adopt, as appropriate, existing and new principles, which advance good practical corporate governance and add value to the group's business activities.

The board is of the opinion that the group has, in all material respects and where relevant, complied with the Code during the year under review.

The salient features of the group's corporate governance are set out below.

Board of directors

Composition

The names and brief resumés of the directors appear on page 5.

The board currently comprises of eight directors and two alternate directors. Five directors qualify as non-executive directors, of whom one also qualifies as an independent director in terms of the King II Report.

Mr D I Samuels and Mr A Goldstone who retire in terms of the Company's Articles of Association, which provides for the retirement of not less than one third of the directors based on longest service but, being eligible offer themselves for re-election.

Mr A M Sinclair, Mr C Barnard and Mr A K Masuku who were appointed as directors by the board on 7 June 2007, retire in terms of the Company's Articles of Association which provides for the cessation of their appointment at the end of the next annual general meeting, but being eligible offer themselves for re-election.

Mr D I Samuels has proposed Mr C E Walters as his alternate on the board, effective 7 June 2007, which proposal was approved by the board.

Mr A K Masuku has proposed Mr J Mthimunye, chairman of aloeCap (Pty) Ltd, as his alternate on the board, effective 7 June 2007, which proposal was approved by the board.

Mr L Marias resigned as alternate executive director to Mr D I Samuels on 31 July 2006.

The directors have considerable business experience and an excellent understanding of the group's business.

Board effectiveness reviews were conducted during the year under review, which resulted in the appointment of the additional directors during the year, and further reviews will be conducted at appropriate intervals.

Chairman and managing director

The roles of chairman and managing director are separate. The managing directors of the operating subsidiaries report to the group managing director of Invicta, who in turn reports to the board.

The board is satisfied that no one individual director or block of directors has undue power over decision-making.

Professional advice

All directors have access to the company secretary and management and are entitled to obtain independent professional advice at the company's expense if required.

Meetings

The board meets regularly on a scheduled basis and at such other times as circumstances may require. The table of meetings and attendance is as follows:

	20 Jun 2006	25 Aug 2006	17 Nov 2006	16 Mar 2007
A Goldstone	√	√	√	√
M Rose-Innes	X	√	√	√
D I Samuels	√	√	√	√
R E Sherrell	√	√	√	√
A M Sinclair	√	X	√*	√*
C H Wiese (Chairman)	√	√	√	√

* by invitation

Board papers are issued to all directors prior to each meeting and contain relevant detail to inform members of the financial and trading position of the company and each of its operating subsidiaries, as well as covering material issues pertaining to the group.

Non-executive directors also maintain regular contact with executive directors to ensure that they are kept abreast of material matters that may require their input and guidance.

Directors' service contracts

None of the directors are bound by service contracts. All executive directors who are also directors of subsidiary companies, have an engagement letter which provides for a notice period of between one and three months to be given by either party.

The group managing director has no service contract.

In terms of the articles of association, not less than one-third of the directors are required to retire by rotation at each annual general meeting of the company and may offer themselves for re-election. The appointment of new directors during the year is required to be confirmed at the next annual general meeting and such new directors are required to retire at such annual general meeting, but may offer themselves for re-election.

Directors' remuneration

The remuneration paid to the directors during the year ended 31 March 2007 are set out in note 30 on page 54.

Board and board committee terms of reference

The board is ultimately accountable and responsible for the performance and affairs of the group. In essence, it provides strategic direction to the group, monitors and evaluates operational performance and executive management of the company and its subsidiaries. It determines policies and processes to ensure effective risk management and internal controls, determines policies regarding communication and is responsible for ensuring the effective management of the group.

Sub-committees of the board

Several sub-committees, each with specific terms of reference, assist the board in discharging its responsibilities. The composition of these committees is reviewed on an ongoing basis. The names of the members of the sub-committees appear on page 5.

Audit committee

The audit committee operates in accordance with a written charter adopted by the board of directors. The committee comprises two executive directors and one non-executive director who chairs the committee. It is not practical to have two non-executive directors on the committee as recommended by the Code. Both the internal and external auditors have unrestricted access to the chairman of the audit committee.

The committee provides assistance to the board with regard to:

- financial accounting, accounting policies, reporting and disclosure;
- internal and external audit policy and framework;
- review and approval of external audit plans, findings, problems, reports and fees; and
- compliance with the King II Code of Corporate Practices and Conduct.

The audit committee meets regularly and the attendance at meetings held during the year was as follows:

	19 Jun 2006	26 Jul 2006	15 Nov 2006
C Barnard	√	√	√
A Goldstone	√	√	√
D I Samuels (Chairman)	√	√	√

The external auditors attend all audit committee meetings by invitation.

The directors are satisfied that the audit committee has performed the duties mandated to it by the board.

Remuneration committee

The remuneration committee operates in accordance with a written charter adopted by the board of directors. The board of directors recognises that failure to attract the right people as employees will have a negative impact on the efficiencies of the company and, consequently, on the returns of shareholders.

Accordingly, the remuneration committee is mandated to make specific recommendations to the board of directors in respect of remuneration packages paid to the salaried directors and senior managers employed by the group. The committee consists of two non-executive directors and one executive director (ex officio). The remuneration committee is chaired by a non-executive director.

The remuneration committee meets at least annually and the attendance at meetings held was as follows:

	17 Nov 2006
A Goldstone	√
D I Samuels	√
C H Wiese (Chairman)	√

In addition to the committee members, the chairman may request personal or written representation from group and company directors.

The committee may, if required, seek the advice of external independent consultants. The group participates in industry salary surveys and uses the results to bench-mark salaries of employees. A long-term bonus and share incentive scheme was also introduced.

Risk management

Risk committee

Responsibility for managing the group risk lies ultimately with the board of directors. However, the board of directors of subsidiary companies, executive committees and management at operational level assist the board in discharging its responsibilities in this regard by identifying, monitoring and managing risk on an ongoing basis.

Risk management specifically includes the consideration of:

- the risk profile and management of operational risk within the group;
- the risk profile and risk management of major projects and acquisitions; and
- the adequacy of self-insurance and external insurance programmes.

The Risk Committee is a sub-committee of the Audit Committee. Attendance at meetings held during the year was as follows:

	19 Jun 2006	26 Jul 2006	15 Nov 2006
C Barnard	√	√	√
A Goldstone	√	√	√
D I Samuels (Chairman)	√	√	√

Formal detailed terms of reference for the audit, risk and remuneration sub-committees have been approved and formally implemented and are reviewed by the board on a regular basis.

Exchange rate fluctuations

Most of the group's businesses involve the importation of product and, accordingly, changes in exchange rates can and do significantly affect the performance of operations.

To date the board has adopted the policy of hedging all its material foreign exchange exposures.

Product supply

Based on the highly competitive markets in which the group operates, specific focus is given to sourcing competitively priced quality products around the world. Directors and senior management have specific programs on an annual basis including the visiting of selected international trade fairs and supplier functions to benchmark existing product ranges and to source new lines.

Distribution network and infrastructure
The distribution of the group's products is critical to its sales performance and takes place through a wide and entrenched network of its own outlets as well as third party distributors. The support, communication and business model used to govern these relationships, enjoys primary focus at the operating entities executive committee meetings, and involves direct liaison with the relevant parties by the non-executive directors of the board.

Internal audit
The internal audit function is an effective independent appraisal function, which examines and evaluates the group's activities.

The audit committees within the group have approved a formal charter for the internal audit department, which operates throughout its major subsidiary companies.

The scope of the internal audit function is to review the reliability and integrity of financial operating information, the systems of internal control, the means of safeguarding assets, the efficient management of the group's resources and the effective conduct of its operations.

The internal auditors have unrestricted access to the chairman of the audit committee.

Internal control
The directors have responsibility for the group's systems of internal controls. These are designed to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

The group's systems of internal control are designed to provide reasonable, but not absolute, assurance against the risk of material errors, fraud or losses occurring. Furthermore, because of changes in conditions, the effectiveness of an internal control system may vary over time and must be continually reviewed and adapted.

The system of internal controls is monitored throughout the group by the audit committees, the group internal audit department, management and employees as an integrated approach. The board reports that:

- to the best of its knowledge and belief, no material malfunction of the group's internal control system occurred during the period under review;
- it is satisfied with the effectiveness of the group's internal controls and risk management;
- it has no reason to believe that the group's code of ethics has been transgressed in any material respect; and
- to the best of its knowledge and belief, no material breaches have occurred during the period under review, of compliance with any laws and regulations applicable to the group.

Information resources management
Invicta, like other organisations, is reliant on information technology ('IT') to effectively and efficiently conduct its business. The group's IT systems, policies and procedures are reviewed on an ongoing basis to ensure that effective internal controls are in place to manage risk and promote efficiencies, and as far as possible to comply with universally accepted standards and methods. Attention is continuously focused on maximising the benefits whilst minimising the risks associated with all aspects of the IT portfolio inasmuch as they apply to business operations.

Information security
Compliance with legislative requirements contributes towards the protection of corporate information, but in itself only addresses a small part of the total number of threats posed to the business arising from its dependencies on information technology and the internet. Security policies and procedures for employees and the use of technologies such as enterprise and personal firewalls, antivirus systems, intrusion monitoring and detection are applied, as well as frequent application of software security "patches" issued by vendors as and when vulnerabilities are discovered.

Code of ethics
The board adopted a formal code of ethics during 2004, which seeks to ensure that a relationship of trust and shared values is built up with both employees and external stakeholders. The key pillars of the code include adherence to the legal framework of the country and ensuring that the group is not brought into disrepute, against the overriding background of transparency in all transactions.

Restriction on trading in securities
A formal policy, implemented some years ago, prohibits directors, officers and employees with access to financial information from dealing in the company's securities, from the date of the end of an interim reporting period until after the interim results have been published and similarly from the end of the financial year until after the audited annual results have been published. Directors and employees are reminded of this policy prior to the commencement of any restricted period.

In addition, no dealing in the company's securities is permitted by any director, officer or employee whilst in possession of information which could affect the price of the company's securities and which is not in the public domain.

Directors of the company and of its subsidiaries are required to obtain clearance from Invicta's chairman (and in the case of the chairman, or in the absence of the chairman, from the chairman of the audit committee), or his nominee, prior to dealing in the company's securities, and to timeously disclose to the company full details of any transaction for notification to and publication by the JSE.

General matters
Stakeholder communication
Members of the board meet on an ad-hoc basis with institutional investors, investment analysts, individuals and members of the financial media. Discussions at

such meetings are restricted to matters that are in the public domain.

Shareholders are informed, by means of press announcements and releases in South Africa and/or printed matter sent to such shareholders, and/or announcements on SENS, of all relevant corporate matters and financial reporting as required in terms of prevailing legislation. In addition, such announcements are communicated via a broad range of channels in both the electronic and print media. The company maintains a corporate website http://www.invictaholdings.co.za containing financial and other information, including interim and annual results. The site has links to the websites of each major operating subsidiary company.

Employment equity
In compliance with the Employment Equity Act, the group's operating entities have each developed their own employment equity policies and plans in consultation with their employees. The elected employment equity committees at the respective operations are responsible for ensuring and monitoring the achievement of the employment equity goals within their business units. The group maintains fully committed to providing equal opportunities to its 1 423 employees (2006: 1 410 employees).

Training, education and development of staff
The group considers the training of both employees and third party distributors in its products and the application thereof, as critical to the success of its operations. It is committed to improving the skills of its staff and to providing opportunities for staff to improve their education and life skills.

The group through its various operations focussed on various training initiatives.

Bearing Man's vision "to enhance technical skills and customer service/relationship management across the organisation" encompasses dedication to training its people using appropriate tuition programmes that deliver quality training. Teaching modules include financial and computer literacy, contract law, technical skills, life skills, management skills, customer service, Zulu, telephone etiquette, forklift driving and ABET (adult basic education and training) programmes.

CSE and Northmec divisions continue to emphasise apprenticeship and technical training, not only for its own staff but third party distributors through its training centres in Isando in Gauteng and Bothaville in the Freestate, as well as numerous staff attending training overseas. Specialist product trainers from the division's suppliers overseas have been sent to South Africa to give training and the intention is to continue with this successful venture.

Funds have been specifically allocated by the group for the envisaged management training program and bursary/scholarship scheme.

Black economic empowerment ("BEE")
Invicta has issued 20% new ordinary shares in Humulani, for R93 000 000 to aloeCap Private Equity Investments 1 (Pty) Ltd, a wholly owned subsidiary of aloeCap (Pty) Ltd. aloeCap is a 100% black owned and managed company.

Invicta has further issued 5% new ordinary shares in Humulani to The Humulani Investments Share Incentive Trust ("the Trust") for R23 250 000.

The Trust was established for the benefit of black staff of Invicta who have been defined as such in terms of Broad Based BEE Coded of Good Practise ("the Codes") as published by the Department of Trade and Industry.

The above issue of shares has allowed Invicta through Humulani and its operational subsidiaries to be measured in terms of the transitional period provision of the codes which is valid until 9 February 2008. Steps will continue in the forthcoming year to implement and measure the various operational divisions in terms of the Codes more detailed generic scorecard.

Quality management and occupational health and safety
The consistent supply of both quality products and service to customers is key to the group's successes. To this end, the group continues to focus on the ISO quality system to assist in achieving this. The CSE and Northmec divisions have maintained their ISO certification with TUV Rhineland, having undergone a full recertification audit during the year under review.

Autobax has maintained its ISO certification with Lloyds.

The implementation of the ISO 9001:2000 quality management system continues to imbed itself within Bearing Man, with two recently acquired businesses – Top Class and Springset being certified.

The group is also progressing well with development and implementation of the ISO 18001 Occupational Health and Safety Management System in its major operations.

Access to information
The company and all its subsidiaries are compliant with the provisions of the Promotion of Access to Information Act. The manual in terms of this legislation is available from the registered office of the company and on the company's website.

Going concern
The annual financial statements have been prepared on the going concern basis and the directors have every reason to believe that the group will be able to continue its operations as a going concern during the ensuing year.

Approval of annual financial statements

TO THE MEMBERS OF INVICTA HOLDINGS LIMITED

It is the directors' responsibility to prepare annual financial statements that fairly present the state of affairs of the company and the group at the end of the financial year and the profit or loss for that period. The external auditors are responsible for independently reviewing and reporting on these annual financial statements.

The annual financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards and in the manner required of the Companies Act of South Africa. They are based on appropriate accounting policies which have been consistently applied except for the impact of changes resulting from the adoption of Circular 9/2006 as issued by the South African Institute of Chartered Accountants and which are supported by reasonable and prudent judgments and estimates.

Dr C H Wiese
Chairman
6 June 2007

A Goldstone
Managing director
6 June 2007

Certification by the company secretary

I certify in accordance with Section 268G(d) of the Companies Act, that the company has lodged with the Registrar all such returns as are required by a public company in terms of the Act and that all such returns are true, correct and up to date.

C Barnard
Company secretary
Johannesburg
6 June 2007

Report of the independent auditors

We have audited the annual financial statements and group annual financial statements of Invicta Holdings Limited, comprising the report of the directors, the balance sheet and the consolidated balance sheet at 31 March 2007, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity and cash flow statement and the consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 56.

Directors' Responsibility for the Financial Statements
The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group at 31 March 2007, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Deloitte & Touche
Per B W Smith
Partner
6 June 2007

National executive: G G Gelink (Chief Executive), A E Swiegers (Chief Operating Officer), G M Pinnock (Audit), D L Kennedy (Tax) L Geeringh (Consulting), M G Crisp (Financial Advisory), L Bam (Strategy), C R Beukman (Finance), T J Brown (Clients and Markets) , S J C Sibisi (Public Sectors and Corporate Social Responsibility), N T Mtoba (Chairman of the Board) , J Rhynes (Deputy Chairman of the Board).

A full list of partners and directors is available on request.

Invicta Holdings Limited
The directors have pleasure in presenting their annual report, which forms part of the annual financial statements of the group and of the company for the year ended 31 March 2007.

Nature of business
The company is an investment holding and management company. The various operations of the group are summarised below with a more expanded explanation of the various business detailed in the review of operations.

Humulani Investments
Operational holding company of all the Invicta Group operations.

Humulani has in the year under review issued ordinary shares to the value of R116 250 000 to Black Empowerment ("BEE") parties, placing 25% of the ordinary shares under the control of BEE Parties. A more detailed review is provided under the Black Economic Empowerment Report in the Corporate Governance section on page 23.

In terms of SIC 12 the 5% of the ordinary issued share capital of Humulani Investments (Pty) Ltd owned by the Humulani Investments Share Incentive Trust ("the Trust") has been consolidated. Deconsolidation thereof and the recognition of the profit attributable to the issue of the shares to the trust will commence once the residual risks attributable to the loan finance provided by Invicta to the Trust to acquire the shares dissipate through repayment or investment value increase.

Bearing Man
South Africa's foremost distributor of bearings, belts, power transmission products, seals and geared motors and fasteners.

Northmec
Distributor of a full range of leading agricultural machinery, implements and related spares.

CSE
Wholesale distributor of earthmoving machinery, turf-grooming machinery, golf cars, utility vehicles and related spares.

New Holland
Wholesale distributor of leading brand of agricultural machinery, implements and related spares.

Autobax
Importer and distributor of timing chains, timing belts, timing components and oil pumps to the automotive industry, and similar niche products to the motorcycle industry.

Group results	**2007 R'000**	2006 R'000
Revenue	**2 663 398**	1 907 764
Income before taxation	**255 828**	178 687

Management philosophy
Invicta adopts a hands-on approach to managing its subsidiaries. Each subsidiary is self contained and has its own managing director and a complete complement of financial and administration infrastructure. The Invicta group managing director is however actively involved in each of the subsidiaries and monitors performance closely on a daily and weekly basis, in person and by means of regular reports. Cash flow is of paramount importance and the focus is always on maximum cash generation. The board aims to add value by providing expertise and guidance to subsidiary management teams where feasible, and by pooling best practices within the group to the benefit of all subsidiaries.

Share capital
The authorised share capital of the company remained unchanged at 134 000 000 ordinary shares of 5 cents each.

During the year, the company's issued ordinary share capital which increased by R24 000 (2006 increased by R798 835) and its ordinary share premium account was increased by R4 176 000 (2006 increased by R270 706 816) as a result of the issue of 480 000 ordinary shares of 5 cents each at an average premium of 870 cents per share in terms of the issue of shares for the Bearing Man Limited debenture scheme.

Invicta Holdings long term bonus and share incentive scheme
In order to attract and retain key staff the group requires appropriate incentive schemes. Many of the group's operations require key technical skills which are often difficult to replace. In trying to address this critical factor, the Remuneration Committee, in consultation with industry professionals has designed a long-term bonus incentive scheme for key executives. In terms of the scheme, executives will be rewarded on their performance, with reference to the growth in the Invicta share price over a period of 3 to 5 years. The bonus, as determined by the formula, will be settled with equity in Invicta in terms of the existing Invicta Holdings Limited Share Trust. The bonus scheme will constantly be reviewed by the Remuneration Committee for its effectiveness and will be amended from time to time if necessary. Details are below:

Equity settled bonus incentive right.

The group has implemented a long term bonus share incentive right scheme ("LBSIR scheme") for key executives. In terms of the LBSIR scheme executives are granted a bonus share incentive right ("the bonus right") calculated with reference to a specified number of shares at a price equal to the weighted average five day closing market price on the date of grant. The bonus right vests after a period of one year, (subject to the performance conditions set for the executive being met), and the bonus right becomes exercisable after a further two year period, after which the executive has a further two year period in which to take up the bonus right before it lapses.

The bonus right is determined based on the difference between the grant price and weighted average five day closing price on the exercise date. The bonus, as determined by the formula will be settled with shares in terms of the Invicta Holdings Limited Share Trust.

The bonus right expense has been calculated using a Black Scholes valuation model and is expensed over a three year period from the grant date and is recorded in the Share Appreciation Reserve.

Details of the bonus rights outstanding during the year are as follows:

2007	**Number of incentive rights**	**Weighted average incentive rights cost**
Outstanding at the beginning of the Year	**Nil**	
Awarded during the Year	**3 764 000**	**3,79**
Lapsed during the Year	**(150 000)**	**4,74**
Forfeited during the Year	**(100 542)**	**4,74**
Outstanding at the end of the Year	**3 513 458**	

Grant cost amortised over 3 Years

	Tranche 1	**Tranche 2**
Number of grants	3 514 000	250 000
Grant date	13 March 2006	1 September 2006
Grant price	R17,20	R20
Grant period before exercise	3 Years	3 Years
Expected volatility (daily)	2,1%	2%
Dividend yield	5,6%	5,3%
Risk free interest rate	7,2%	8,17%

Subsidiaries
Details of the company's interests in its material subsidiaries are set out in the attached annual financial statements on page 56.

Dividends
Details of the ordinary dividends paid are reflected in note 7 of the annual financial statements on page 41.

Directors
Details of the directors at 31 March 2007 are reflected on page 5.

Directors' contracts
No material contracts have been entered into between the company and the group and the directors during the year under review.

Directors' fees
Directors' payments for services as directors and other emoluments are set out in note 29 on page 52 to 53.

Members will be requested to consider an ordinary resolution approving these emoluments at the annual general meeting.

Directors' interest in shares in the company
The total direct and indirect interest declared by the directors in the issued share capital of the company at 31 March 2007 was 66% (2006: 70%).

The details of the directors' shareholding are reflected in note 33 on page 55.

Unissued share capital
The unissued ordinary shares are the subject of a general authority granted to the directors in terms of Section 221 and 222 of the Companies Act (Act 61 of 1973) as amended ("the Companies Act"), and the JSE Limited ("JSE") Listing Requirements. As this general authority remains valid only until the next annual general meeting, which is to be held on 27 July 2007, members will be requested at the meeting to consider an ordinary resolution placing the said ordinary shares under the control of the directors until the 2008 annual general meeting.

Repurchase of shares
It makes sound business sense for a company to acquire its own shares under certain circumstances. The directors therefore consider it prudent to secure a general authority for the company to repurchase shares on the open market of the JSE in order to provide the company with maximum flexibility regarding the repurchase of shares.

The Company's Articles of Association allow the company to purchase its own shares if shareholders have, by way of special resolution, either given the company a general authority to effect such purchase or a specific authority to effect a specific purchase of its own shares subject to the requirements of the Companies Act and the JSE Listings Requirements.

Members will be required to consider a special resolution at the annual general meeting giving the directors general authority to permit the company or a subsidiary of the company to acquire the company's shares.

Notice of annual general meeting
Notice to shareholders detailing all necessary resolutions relating to the company affairs is set out on page 58 to 60.

A Goldstone
Managing director
Cape Town
6 June 2007

C H Wiese
Chairman
Cape Town
6 June 2007

Income statements

the year ended 31 March 2007

	Notes	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Revenue		**2 663 398**	1 907 754	**–**	–
Cost of sales		**(2 010 066)**	(1 370 938)	**–**	–
Gross profit		**653 332**	536 816	**–**	–
Selling, administration and distribution costs		**(372 103)**	(338 973)	**296**	149 482
Operating income before finance costs, interest and dividends received	4	**281 229**	197 843	**296**	149 842
Finance costs	5	**(162 648)**	(40 552)	**–**	–
Dividends received from subsidiaries		**–**	–	**80 835**	517 940
Dividends received		**133 369**	18 611	**48 154**	7 011
Interest received		**3 878**	2 785	**24**	343
Income before taxation		**255 828**	178 687	**129 309**	674 776
Taxation	6	**(38 104)**	(53 522)	**(897)**	(2 267)
Profit for the year		**217 724**	125 165	**128 412**	672 509
Attributable to:					
Equity holders of the parent		**215 994**	125 455	**128 412**	672 509
Minority interest		**1 730**	(290)	**–**	–
		217 724	125 165	**128 412**	672 509
Dividends per share – basic (cents)	7	**104**	68		
Earnings per share – basic (cents)	8	**292**	170		
Diluted earnings per share – basic (cents)	8	**288**	169		

Balance sheets

as at 31 March 2007

	Notes	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	**118 097**	123 220	**15**	20
Deferred taxation	10	**17 722**	19 843	**–**	–
Interests in subsidiaries	11			**520 201**	482 732
Investments	12	**1 195 303**	1 195 303	**443 000**	443 000
Goodwill	13	**198 680**	190 821	**–**	–
Other intangible assets	14	**11 643**	12 880	**–**	–
Loan receivable	15	**1 487**	5 688	**23 250**	–
		1 542 932	1 547 755	**986 466**	925 752
Current assets					
Inventories	16	**875 315**	633 901	**–**	–
Trade and other receivables	17	**372 316**	287 117	**7 161**	7 291
Taxation prepaid		**–**	2 538	**–**	–
Bank balances and cash	27	**195 743**	26 368	**20 223**	2 851
		1 443 374	949 924	**27 384**	10 142
TOTAL ASSETS		**2 986 306**	2 497 679	**1 013 850**	935 894
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	18	**3 717**	3 693	**3 717**	3 693
Share premium	19	**281 234**	277 058	**281 234**	277 058
Share appreciation reserve		**4 352**	–	**–**	–
Revaluation reserve		**8 194**	8 194	**–**	–
Translation reserve		**653**	678	**–**	–
Retained earnings		**588 011**	426 673	**725 042**	651 286
Equity attributable to the equity holders		**886 161**	716 296	**1 009 993**	932 037
Minority interest		**44 685**	2 235	**–**	–
TOTAL EQUITY		**930 846**	718 531	**1 009 993**	932 037
Non-current liability					
Long-term borrowings	20	**1 193 311**	1 203 060	**688**	688
Current liabilities					
Trade and other payables	21	**766 912**	401 262	**2 689**	2 700
Provisions	22	**62 301**	48 888	**–**	–
Tax liabilities		**12 758**	–	**84**	157
Shareholders for dividends		**396**	312	**396**	312
Current portion of long-term borrowings	20	**19 440**	19 984	**–**	–
Bank overdrafts and bankers' acceptances	27	**342**	105 642	**–**	–
		862 149	576 088	**3 169**	3 169
TOTAL LIABILITIES		**2 055 460**	1 779 148	**3 857**	3 857
TOTAL EQUITY AND LIABILITIES		**2 986 306**	2 497 679	**1 013 850**	935 894

Statement of changes in equity

as at 31 March 2007

	Share capital R000	Share premium R000	Share appreciation reserve R000	Re-valuation reserve R000	Translation reserve R000	Retained earnings R000	Attributable to equity shareholders R000	Minority interest R000	Total R000
GROUP									
Balance at 31 March 2005	2 894	6 352	–	8 194	(152)	347 787	365 075	163 739	528 814
Profit for the year	–	–	–	–	–	125 455	125 455	(290)	125 165
Dividends paid	–	–	–	–	–	(49 970)	(49 970)	–	(49 970)
Dividends received on treasury shares	–	–	–	–	–	3 401	3 401	–	3 401
Share issued	799	270 706	–	–	–	–	271 505	–	271 505
Currency translation differences	–	–	–	–	830	–	830	–	830
Acquisition of subsidiary	–	–	–	–	–	–	–	2 120	2 120
Acquisition of minorities	–	–	–	–	–	–	–	(163 334)	(163 334)
Balance at 31 March 2006	3 693	277 058	–	8 194	678	426 673	716 296	2 235	718 531
Profit for the year	–	–	–	–	–	215 994	215 994	1 730	217 724
Dividends paid	–	–	–	–	–	(54 656)	(54 656)	(580)	(55 236)
Shares issued in terms of Bearing Man debenture scheme	24	4 176	–	–	–	–	4 200	–	4 200
Share appreciation rights issued	–	–	4 352	–	–	–	4 352	–	4 352
Currency translation differences	–	–	–	–	(25)	–	(25)	–	(25)
Equity input by minorities	–	–	–	–	–	–	–	41 300	41 300
Balance at 31 March 2007	**3 717**	**281 234**	**4 352**	**8 194**	**653**	**588 011**	**886 161**	**44 685**	**930 846**
COMPANY									
Balance at 31 March 2005	3 215	42 167	–	–	–	25 346	70 728		70 728
Profit for the year	–	–	–	–	–	672 509	672 509		672 509
Dividends paid	–	–	–	–	–	(49 970)	(49 970)		(49 970)
Dividends received on treasury shares	–	–	–	–	–	3 401	3 401		3 401
Shares purchased in terms of share buy back scheme	(321)	(35 815)	–	–	–	–	(36 136)		(36 136)
Shares issued	799	270 706	–	–	–	–	271 505		271 505
Balance at 31 March 2006	3 693	277 058	–	–		651 286	932 037		932 037
Profit for the year	–	–	–	–	–	128 412	128 412		128 412
Dividends paid	–	–	–	–	–	(54 656)	(54 656)		(54 656)
Shares issued in terms of Bearing Man debenture scheme	24	4 176	–	–	–	–	4 200		4 200
Balance at 31 March 2007	**3 717**	**281 234**	**–**	**–**	**–**	**725 042**	**1 009 993**		**1 009 993**

In accordance with IAS37 the final dividend of 71 cents per share (2006: 41 cents) proposed by the directors has not been reflected above.

Cash flow statements

for the year ended 31 March 2007

	Notes	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
OPERATING ACTIVITIES					
Cash generated from (utilised in) operations	23	**364 698**	98 372	**420**	(13 681)
Finance costs		**(162 648)**	(40 552)	**–**	–
Dividends received		**44**	53	**80 835**	517 940
Dividends paid to group shareholders	24	**(54 572)**	(46 494)	**(54 572)**	(46 494)
Dividends paid to minority shareholders		**(580)**	–		–
Normal taxation paid	25	**(25 211)**	(58 704)	**(970)**	(2 163)
Interest and preference dividends received		**137 203**	21 343	**48 178**	7 354
Net cash inflow (outflow) from operating activities		**258 934**	(25 982)	**73 891**	462 956
INVESTING ACTIVITIES					
Proceeds on sale of property, plant and equipment		**4 542**	4 734	**–**	–
Investment in future operations		**16 423**	(1 559 279)	**(4 202)**	(650 886)
Additions to property, plant and equipment and intangible assets		**(16 016)**	(35 863)	**–**	(11)
Acquisition of subsidiaries	26	**(64 310)**	(328 315)	**(4 202)**	(366 746)
Investment in preference shares		**–**	(1 195 101)	**–**	(443 000)
Restructure of subsidiary		**–**	–	**–**	158 871
Equity input by minorities		**96 749**	–	**–**	–
Decrease in loans from subsidiaries		**–**	–	**(33 267)**	(44 736)
Increase in loans to share trusts		**–**	–	**(23 250)**	–
Net cash inflow (outflow) from investing activities		**20 965**	(1 554 545)	**(60 719)**	(695 622)
FINANCING ACTIVITIES					
(Increase) Decrease in long-term borrowings		**(8 880)**	1 190 082	**–**	–
(Increase) Decrease in short-term borrowings		**(544)**	13 563	**–**	–
Ordinary shares repurchased		**–**	–	**–**	(36 136)
Shares issued in terms of Bearing Man debenture scheme		**4 200**	–	**4 200**	–
Shares issued to minorities of Bearing Man		**–**	271 505	**–**	271 505
Net cash (outflow) inflow from financing activities		**(5 224)**	1 475 150	**4 200**	235 369
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**274 675**	(105 377)	**17 372**	2 703
Cash and cash equivalents at the beginning of the year		**(79 274)**	26 103	**2 851**	148
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	**195 401**	(79 274)	**20 223**	2 851

1. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

During the year, the company adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the company's reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any significant changes to the company's accounting policies or affected the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IFRS 7 — Financial Instruments: Disclosure
- IFRS 8 — Operating Segments
- IFRIC 8 — Scope of IFRS 2
- IFRIC 9 — Reassessment of Embedded Derivatives
- IFRIC 10 — Interim Financial Reporting and Impairment
- IFRIC 11 — IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12 — Service Concession Arrangements
- Amendments to IAS 1 — Capital
- Amendments to IAS 23 — Borrowing costs

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company, however, there will be additional disclosure requirements as a result of the adoption of IFRS 7 and IAS 1 amendments in the group's 2008 financial year when the standards become effective.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

2.2 Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over

2.2 Business combinations (continued)

the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

2.3 Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.4 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs of disposal.

2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on the time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.6 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessor

Rental income from operating leases is recognised on the straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on the straight-line basis over the lease term.

The group as lessee
Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on the straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on the straight-line basis over the lease term.

2.7 Foreign currencies
The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Currency Units, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts and options. For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are expressed in Currency Units using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.8 Borrowing costs
All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.9 Government grants
Government grants towards staff re-training costs are recognised in profit or loss over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

2.10 Retirement benefit costs
Current contributions to the defined contribution pension and defined contribution provident funds registered in terms of the Pension Fund Act, 1956 are based on current service and current salaries and are charged against income for the year. Payments to defined contribution retirement benefit plans are charged as an expense as they are incurred.

2.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends and is able, to settle its current tax assets and liabilities on a net basis.

2.12 Property, plant and equipment

Land is stated at cost whilst other fixed assets are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Buildings are stated at cost less accumulated depreciation and any accumulated impairment losses, with the exception of certain buildings which are stated at deemed cost less accumulated depreciation and accumulated amortisation. Deemed cost was determined in terms of an election permitted by IFRS 1 at the date of transition to IFRS being 1 April 2004.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Depreciation is calculated on the straight line basis, so as to write the cost of the assets down to their residual value, at the following rates, which are considered to approximate the estimated useful lives of the assets concerned.

Buildings	1 – 10%
Plant and equipment	10 – 20%
Leasehold improvements	Over the period of the lease
Motor vehicles	20 – 25%
Furniture and fittings	20%
Office equipment	10 – $33^1/_3$%
Computer equipment	20 – $33^1/_3$%
Golf cars	20%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.13 Other intangible assets

Other intangible assets consist of computer software and are amortised on the straight-line basis over a period of three to ten years.

2.14 Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first in first out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.16 Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method as reduced by appropriate allowances for estimated irrecoverable amounts. These allowances are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Investments (continued)

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Trade payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

The group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions. The significant interest rate risk arises from bank loans. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the group's risk management strategy.

The group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

2.17 Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

2.18 Share-based payments

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on the straight-line basis over the vesting period, based on the group's estimate of the shares that will eventually vest and is adjusted for the effect of non market-based vesting conditions. Fair value is measured using the Black-Scholes pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions and behavioural considerations.

2.19 Judgements made by management

Preparing financial statements in conformity with IFRS requires estimates and assumptions that effect reported amounts and related disclosures. Actual results could differ from these estimates. Certain accounting policies have been identified as involving particularly complex or subjective judgments or assessments as follows:

Asset lives and residual values

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible assets other than goodwill

Intangible assets other than goodwill are amortised over their useful lives. The actual lives of the intangible assets are assessed annually and may vary depending on a number of factors. In reassessing intangible asset lives, factors such as technological innovation are taken into account.

Provisions

Management bases their estimation for warranty provision on the number of products under warranty at year end, the age of these products and the remaining period under warranty. Actual warranty costs may vary depending on a number factors.

Deferred tax assets

Management have exercised their judgment in determining whether deferred tax assets should be recognised in the group's annual financial statements. Judgment is involved in determining the extent to which it is probable that taxable profit in the various group companies will be available against which the deferred tax assets will be utilised.

3. BUSINESS SEGMENTS

For management purposes, the group is currently organised into two operating segments – engineering consumables and capital equipment. These segments are the basis on which the group reports its primary information.

Segment information on these businesses is presented below:

2007	Engineering consumables R000	Capital equipment R000	Non-segment allocations R000	Consolidation R000
REVENUE*	**1 355 179**	**1 308 219**	**–**	**2 663 398**
Operating income before finance costs, interest and dividends received	**173 412**	**71 075**	**36 742**	**281 229**
Finance costs				**(162 648)**
Interest and dividends received				**137 247**
Income before taxation				**255 828**
Taxation				**38 104**
Profit for the year				**217 724**
OTHER INFORMATION				
Depreciation and amortisation	**11 774**	**9 930**	**992**	**22 696**
Capital expenditure	**8 451**	**7 565**	**–**	**16 016**
BALANCE SHEET				
Assets	**772 005**	**684 949**	**1 529 352**	**2 986 306**
Liabilities	**251 518**	**526 786**	**1 277 156**	**2 055 460**
2006				
REVENUE*	1 172 670	735 084	–	1 907 754
Operating income before finance costs, interest and dividends received	154 564	43 279	–	197 843
Finance costs				(40 552)
Interest received				21 396
Income before taxation				178 687
Taxation				53 522
Profit for the year				125 165
OTHER INFORMATION				
Depreciation and amortisation	12 485	10 078	3	22 566
Capital expenditure	19 317	16 546	–	35 863
BALANCE SHEET				
Assets	707 515	797 518	992 646	2 497 679
Liabilities	284 800	295 391	1 198 957	1 779 148

GEOGRAPHICAL SEGMENTS

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

*The group previously reflected discounts received from suppliers and discounts allowed to customers as selling, administration and distribution costs. In terms of Circular 09/2006 issued by the South African Institute of Chartered Accountants, the group now accounts for discounts received as part of cost of sales R3 095 000 (2006: R1 289 000) and sets off discounts allowed against sales R7 425 000 (2006: R5 450 000).

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
4. OPERATING INCOME BEFORE FINANCE COSTS, INTEREST AND DIVIDENDS RECEIVED				
Operating income before finance costs interest and dividends received is arrived at after taking into account the following items:				
Income				
Profit on disposal of property, plant and equipment	**1 040**	41	**–**	–
Profit on disposal of investment	**27 867**	–	**–**	–
Gain on restructure of subsidiary	**–**	–	**–**	157 903
Expenses				
Auditors' remuneration	**2 941**	1 438	**–**	–
– Audit fees	**2 696**	1 390	**–**	–
– Other services	**245**	48	**–**	–
Depreciation	**21 459**	21 749	**5**	3
– Buildings	**1 138**	852	**–**	–
– Plant and equipment	**1 352**	1 109	**–**	–
– Leasehold improvements	**2**	1	**–**	–
– Motor vehicles	**3 712**	4 468	**–**	–
– Furniture and fittings	**288**	190	**5**	3
– Office equipment	**3 354**	3 328	**–**	–
– Computer equipment	**6 295**	5 937	**–**	–
– Golf cars	**5 318**	5 864	**–**	–
Amortisation of intangible assets	**1 237**	817	–	–
Employment costs	**225 750**	186 162	**2**	110
Operating lease expenses	**25 598**	21 283	**87**	82
– Premises	**17 368**	15 077	**87**	82
– Equipment	**867**	902	**–**	–
– Motor vehicles	**7 363**	5 304	**–**	–
Pension and provident fund contributions	**13 280**	11 345	**–**	–
Share appreciation rights issue	**4 352**	–	**–**	–
5. FINANCE COSTS				
Bank overdrafts and loans	**8 422**	8 959	**–**	–
Foreign exchange losses	**3 016**	8 921	**–**	–
Finance leases	**1 823**	1 389	**–**	–
Debentures and promissory notes	**149 387**	21 283	**–**	–
	162 648	40 552	**–**	–

The group previously reflected discounts received from suppliers and discounts allowed to customers as selling, administration and distribution costs. In terms of Circular 09/2006 issued by the South African Institute of Chartered Accountants, the group now accounts for discounts received as part of cost of sales R3 095 000 (2006: R1 289 000) and sets off discounts allowed against sales R7 425 000 (2006: R5 450 000).

		Group		Company	
		2007	2006	**2007**	2006
		R'000	R'000	**R'000**	R'000
6.	**TAXATION**				
	South African normal tax				
	– current year	**31 814**	43 808	**–**	–
	– previous year	**(487)**	(377)	**–**	–
	Foreign tax	**5 053**	2 666		–
	Deferred tax				
	– current year	**(3 024)**	424	**–**	–
	– prior year	**–**	67	**–**	–
	– foreign	**620**	–	**–**	–
	Secondary tax on companies	**3 951**	6 934	**897**	2 267
	Capital gains tax	**177**	–	**–**	–
		38 104	53 522	**897**	2 267
	Reconciliation of tax rate	**%**	%	**%**	%
	South African normal rate	**29,0**	29,0	**29,0**	29,0
	Permanent differences	**(18,0)**	(2,1)	**(29,0)**	(29,0)
	Secondary tax on companies	**1,5**	3,9	**0,7**	0,3
	Utilisation of estimated assessable tax losses	**(0,9)**	(0,9)	**–**	–
	Prior years	**–**	(0,2)	**–**	–
	Effect of foreign taxes	**0,7**	0,3	**–**	–
	Capital gains	**2,6**	–	**–**	–
		14,9	30,0	**0,7**	0,3
	Deferred tax assets have not been recognised in respect of estimated assessable tax losses in the group, amounting to R40 278 000 (2006: R6 043 000), as the recoverability thereof is uncertain.				
7.	**ORDINARY DIVIDENDS***				
	41 cents paid on 24 July 2006 (2006: 46 cents) to shareholders registered in the books of the company on 14 July 2006	**30 283**	30 028	**30 283**	30 028
	33 cents paid on 11 December 2006 (2006: 27 cents) to shareholders registered in the books of the company on 1 December 2006	**24 373**	19 942	**24 373**	19 942
	Dividends received on treasury shares	**–**	(3 401)	**–**	(3 401)
		54 656	46 569	**54 656**	46 569

* In accordance with IAS37 the final dividend of 71 cents per share (2006: 41 cents) proposed by the directors has not been reflected in the financial statements.

		Group 2007 R'000	Group 2006 R'000
8.	**EARNINGS PER SHARE**		
	Earnings		
	Earnings for purposes of earnings per share	**215 994**	125 455
	Effect of dilutive potential ordinary shares:		
	Share options	**–**	228
	Earnings for purposes of diluted earnings per share	**215 994**	125 683
		Number of shares	
	Number of shares	**2007 '000**	2006 '000
	Weighted average number of ordinary shares for purposes of basic earnings	**73 866**	73 861
	Effect of dilutive potential ordinary shares:		
	Share options and share appreciation rights issued	**1 256**	385
	Weighted average number of ordinary shares for purposes of diluted earnings per share	**75 122**	74 246
	Earnings per share – basic (cents)	**292**	170
	Diluted earnings per share – basic (cents)	**288**	169
	Headline earnings basis		
	This calculation is based on the weighted average number of 73 865 815 (2006: 73 860 555) shares in issue during the period.		
	This basis is a measure of the trading performance and excludes profits and losses of a capital nature. It is derived, after taxation and minority interest, as follows:		
	Earnings attributable to ordinary shareholders	**215 994**	125 455
	Adjusted for:		
	Profit on issue of shares by subsidiary	**(22 565)**	–
	Profit on disposal of interest in subsidiary	**(666)**	–
	Profit on disposal of property, plant and equipment	**(738)**	(29)
	Headline earnings for purposes of headline earnings per share	**192 025**	125 426
	Effective of dilutive potential ordinary shares:		
	Share options	**–**	228
	Headline earnings for purpose of diluted headline earnings per share	**192 025**	125 654
	Headline earnings per share (cents)	**260**	170
	Diluted headline earnings per share (cents)	**256**	169

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
9. PROPERTY, PLANT AND EQUIPMENT				
Land and buildings	**66 003**	64 512	**–**	–
– Gross carrying amount	**83 196**	80 562	**–**	–
– Accumulated depreciation	**17 193**	16 050	**–**	–
Plant and equipment	**3 098**	2 611	**–**	–
– Gross carrying amount	**15 000**	12 316	**–**	–
– Accumulated depreciation	**11 902**	9 705	**–**	–
Leasehold improvements	**15**	–	**–**	–
– Gross carrying amount	**318**	301	**–**	–
– Accumulated depreciation	**303**	301	**–**	–
Motor vehicles	**8 476**	10 947	**–**	–
– Gross carrying amount	**22 348**	25 968	**–**	–
– Accumulated depreciation	**13 872**	15 021	**–**	–
Furniture and fittings	**1 390**	987	**15**	20
– Gross carrying amount	**3 419**	2 023	**49**	49
– Accumulated depreciation	**2 029**	1 036	**34**	29
Office equipment	**11 581**	11 496	**–**	–
– Gross carrying amount	**34 205**	30 775	**37**	37
– Accumulated depreciation	**22 624**	19 279	**37**	37
Computer equipment	**11 930**	13 746	**–**	–
– Gross carrying amount	**42 487**	40 115	**14**	14
– Accumulated depreciation	**30 557**	26 369	**14**	14
Golf cars	**15 604**	18 921	**–**	–
– Gross carrying amount	**28 237**	26 901	**–**	–
– Accumulated depreciation	**12 633**	7 980	**–**	–
	118 097	123 220	**15**	20
Total gross carrying amount	**229 210**	218 961	**100**	100
Total accumulative depreciation	**111 113**	95 741	**85**	80

9.1 Details of the land and buildings

A register containing details of land and buildings is available for inspection during business hours at the registered office of the company by members or their duly authorised agents.

9.2 Encumbrances

The group has encumbered motor vehicles and golf cars having a carrying value of R15,0 million (2006: R16,3 million) to secure banking financing facilities as detailed in note 20.

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
	Net book value		**Net book value**	
9. PROPERTY, PLANT AND EQUIPMENT (continued)				
9.3 Detailed movement				
Land and buildings				
Balance at the beginning of the year	**64 512**	62 480	–	–
Additions	**56**	297	–	–
Business acquisition	**2 661**	2 587	–	–
Depreciation for the year	**(1 138)**	(852)	–	–
Disposals	**(88)**	–	–	–
Balance at the end of the year	**66 003**	64 512	–	–
Plant and equipment				
Balance at the beginning of the year	**2 611**	3 179	–	–
Additions	**1 426**	500	–	–
Business acquisition	**413**	68	–	–
Depreciation for the year	**(1 352)**	(1 109)	–	–
Disposals	**–**	(27)	–	–
Balance at the end of the year	**3 098**	2 611	–	–
Leasehold improvements				
Balance at beginning of year	**–**	1	–	–
Additions	**17**	–	–	–
Depreciation for the year	**(2)**	(1)	–	–
Balance at the end of the year	**15**	–	–	–
Motor vehicles				
Balance at the beginning of the year	**10 947**	13 814	–	–
Additions	**3 912**	3 651	–	–
Business acquisition	**385**	229	–	–
Depreciation for the year	**(3 712)**	(4 468)	–	–
Disposals	**(3 056)**	(2 279)	–	–
Balance at the end of the year	**8 476**	10 947	–	–

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
	Net book value		Net book value	
9 PROPERTY, PLANT AND EQUIPMENT (continued)				
9.3 Detailed movement (continued)				
Furniture and fittings				
Balance at the beginning of the year	**987**	917	**20**	12
Additions	**672**	260	**–**	11
Business acquisition	**136**	–	**–**	–
Depreciation for the year	**(288)**	(190)	**(5)**	(3)
Disposals	**(117)**	–	**–**	–
Balance at the end of the year	**1 390**	987	**15**	20
Office equipment				
Balance at the beginning of the year	**11 496**	12 182	**–**	–
Additions	**3 441**	2 637	**–**	–
Business acquisition	**–**	29	**–**	–
Depreciation for the year	**(3 354)**	(3 328)	**–**	–
Disposals	**(2)**	(24)	**–**	–
Balance at the end of the year	**11 581**	11 496	**–**	–
Computer equipment				
Balance at the beginning of the year	**13 746**	12 216	**–**	–
Additions	**4 345**	7 387	**–**	–
Business acquisition	**227**	106	**–**	–
Depreciation for the year	**(6 295)**	(5 937)	**–**	–
Disposals	**(93)**	(26)	**–**	–
Balance at the end of the year	**11 930**	13 746	**–**	–
Golf cars				
Balance at the beginning of the year	**18 921**	13 270	**–**	–
Additions	**2 147**	13 852	**–**	–
Depreciation for the year	**(5 318)**	(5 864)	**–**	–
Disposals	**(146)**	(2 337)	**–**	–
Balance at the end of the year	**15 604**	18 921	**–**	–
Total				
Opening balance at the beginning of the year	**123 220**	118 059	**20**	12
Additions	**16 016**	28 584	**–**	11
Business acquisition	**3 822**	3 019	**–**	–
Depreciation for the year	**(21 459)**	(21 749)	**(5)**	(3)
Disposals	**(3 502)**	(4 693)	**–**	–
Balance at the end of the year	**118 097**	123 220	**15**	20

		Group		Company	
		2007	2006	**2007**	2006
		R'000	R'000	**R'000**	R'000
10.	**DEFERRED TAXATION**				
	Movement of deferred taxation asset:				
	Balance at the beginning of the year	**19 843**	20 759	**–**	–
	Arising on acquisition of subsidiary	**–**	(425)	**–**	–
	Income statement charge	**2 403**	(491)	**–**	–
	Arising on deferred income	**(4 524)**	–	**–**	–
	Balance at the end of the year	**17 722**	19 843	**–**	–
	Comprising:				
	Capital allowances	**(5 517)**	(3 643)	**–**	–
	Estimated assessable tax losses	**1 616**	–	**–**	–
	Provisions and other timing differences	**21 623**	23 486	**–**	–
		17 722	19 843	**–**	–
11.	**INTEREST IN SUBSIDIARIES**				
	Shares at cost			**500 777**	496 575
	Loans to (from) subsidiaries			**19 424**	(13 843)
				520 201	482 732
	Details of interests in subsidiaries are noted on page 56				
12.	**INVESTMENTS**				
	Unlisted securities				
	Business Venture Investments No 1048 (Proprietary) Limited – 50 000 redeemable non-cumulative preference shares	**752 100**	752 100	**–**	–
	The shares are redeemable from 8 August 2011 to 8 February 2016 in semi-annual instalments. Dividends are received at a rate of 10,9% nominal annual compounded semi-annually.				
	Business Venture Investments No 1057 (Proprietary Limited) – 50 000 redeemable non-cumulative preference shares	**443 000**	443 000	**443 000**	443 000
	The shares are redeemable from 8 August 2011 to 8 February 2016 in semi-annual instalments. Dividends are received at a rate of 10,9% nominal annual compounded semi-annually.				
	NWK Beperk – 100 000 ordinary shares	**203**	203	**–**	–
		1 195 303	1 195 303	**443 000**	443 000
	Directors' valuation	**1 195 303**	1 195 303	**443 000**	443 000

		Group		Company	
		2007	2006	**2007**	2006
		R'000	R'000	**R'000**	R'000
13.	**GOODWILL**				
	Goodwill arising on acquisition of subsidiaries				
	At the beginning of the year	**190 821**	31 182	**–**	–
	Acquisition of a subsidiary	**5 020**	4 626	**–**	–
	Acquisition of a further interest in a subsidiary	**4 200**	155 013	**–**	–
	Disposal of a partial interest in a subsidiary	**(1 361)**	–	**–**	–
		198 680	190 821	**–**	–
	The carrying amount of the goodwill had been allocated as follows:				
	Cartcom (Pty) Limited	**2 901**	2 901	**–**	–
	Bearing Man Group	**190 759**	187 920	**–**	–
	New Holland SA (Pty) Limited	**5 020**	–	**–**	–
		198 680	190 821	**–**	–
	Management assess the balance sheet, the budget for the forthcoming year, the future business prospects and the market in which each of its subsidiaries operates in determining whether the goodwill attributable to the subsidiary is impaired.				
14.	**OTHER INTANGIBLE ASSETS**				
	Computer software	**11 643**	12 880	**–**	
	– Gross carrying amount	**13 697**	13 697	**–**	–
	– Accumulated amortisation	**2 054**	817	**–**	–
	Balance at the beginning of the year	**12 880**	6 418	**–**	–
	Additions	**–**	7 279	**–**	–
	Amortisation for the year	**(1 237)**	(817)	**–**	–
	Balance at the end of the year	**11 643**	12 880	**–**	–
15.	**LOAN RECEIVABLE**				
	Loan to staff incentive scheme participants of a subsidiary company	**1 487**	5 688	**–**	–
	Humulani Investments Share Incentive Trust	**–**	–	**23 250**	–
	The loan is unsecured. Interest is charged at the prime overdraft rate. No fixed repayment date has been set. The nature of the loan is long-term.				
16.	**INVENTORIES**				
	Merchandise	**963 934**	710 601	**–**	–
	Work in progress	**5 472**	3 495	**–**	–
	Obsolescence provision	**(94 091)**	(80 195)	**–**	–
		875 315	633 901	**–**	–
	Merchandise at net realisable value	**27 834**	30 135	**–**	–
	Inventory write down expensed	**13 896**	29 820	**–**	–
	Inventory recognised in the income statement	**2 010 066**	1 370 938	**–**	–

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
17. TRADE AND OTHER RECEIVABLES				
Trade receivables	**347 730**	264 274	**–**	–
Provision for doubtful debts	**(15 780)**	(14 181)	**–**	–
Prepayments	**6 723**	6 143	**–**	–
Other receivables	**33 643**	30 881	**7 161**	7 291
	372 316	287 117	**7 161**	7 291
18. ORDINARY SHARE CAPITAL				
Authorised				
134 000 000 (2006: 134 000 000) ordinary shares of 5 cents each	**6 700**	6 700	**6 700**	6 700
Issued				
Ordinary share capital 74 340 855 (2006: 73 860 555) ordinary shares of 5 cents each	**3 717**	3 693	**3 717**	3 693
Reconciliation of ordinary share capital				
Opening balance	**3 693**	2 894	**3 693**	3 215
Shares issued in terms of the Bearing Man debenture scheme	**24**	–	**24**	–
General repurchase of shares	**–**	–	**–**	(321)
Shares issued on acquisition of minorities of Bearing Man Limited	**–**	799	**–**	799
	3 717	3 693	**3 717**	3 693

18.1 The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Unissued shares	**Number of shares (000)**		**Number of shares (000)**	
To be issued in terms of the Bearing Man debenture scheme and the debenture agreement. Debenture holders will be issued with Invicta Holdings Limited Shares:	**140**	620	**140**	620
– at 875 cents per share exercisable until 1 April 2007	**–**	280	**–**	280
– at 875 cents per share exercisable until 1 June 2007	**–**	200	**–**	200
– at 1062.5 cents per share exercisable until 23 October 2007	**140**	140	**140**	140
Under the control of the directors until the next annual general meeting	**59 519**	59 519	**59 519**	59 519
	59 659	60 139	**59 659**	60 139

At the company annual general meeting held on 14 August 2006, a special resolution was passed giving the directors general authority to repurchase shares on the open market. This authority remains in force until the next annual general meeting.

		Group		Company	
		2007	2006	**2007**	2006
		R'000	R'000	**R'000**	R'000
19.	**SHARE PREMIUM**				
	The ordinary share premium is made up as follows:				
	Balance at the beginning of the year	**277 058**	6 352	**277 058**	42 167
	Shares issued in terms of the Bearing Man debenture scheme	**4 176**	–	**4 176**	–
	Arising on shares issued on acquisition of Bearing Man Limited minorities	**–**	270 706	**–**	270 706
	Less premium on shares repurchased and cancelled during the year arising from repurchase in terms of general authority	**–**	–	**–**	(35 815)
	Balance at the end of the year	**281 234**	277 058	**281 234**	277 058
20.	**LONG-TERM BORROWINGS**				
	Secured borrowings – Finance lease agreements The terms of the lease agreements are between 36 and 60 months and bear interest at rates between 8,5% to 12,0%. The leases are on a fixed annual repayment basis in equal monthly instalments until March 2009. No arrangements have been entered into for contingent rental payments. The borrowings are secured by certain motor vehicles and golf cars as referred to in note 9.2.	**13 365**	19 421	**–**	–
	Unsecured loans The loans bear interest between 8,6% and 16,7%. The loans are on a fixed repayment basis in equal annual instalments until June 2007.	**2 465**	5 570	**–**	–
	Vendors of OST (Pty) Ltd The amount payable is interest free and repayment is dependant on the achievement of certain profit targets.	**1 821**	2 953	**–**	–
	Promissory note issued The promissory note bears interest at 12,5% and is repayable in equal semi-annual instalments from August 2006 to February 2008.	**9 390**	17 707	**–**	–
	Debentures The debentures bear interest at 12,5% and are repayable in semi-annual instalments from August 2011 to February 2016.	**1 185 710**	1 177 393	**–**	–
	Invicta Share Trust The loan is interest free and there are no fixed terms of repayment. The loan is long-term in nature.	**–**	–	**688**	688
	Total long-term borrowings	**1 212 751**	1 223 044	**688**	688
	Less: current portion of long-term borrowings	**19 440**	19 984	**–**	–
		1 193 311	1 203 060	**688**	688
	The borrowings are repayable as follows:				
	On demand or within one year	**19 440**	19 984	**–**	–
	In second to fifth year inclusive	**76 296**	86 045	**–**	–
	After five years	**1 117 015**	1 117 015	**688**	688
		1 212 751	1 223 044	**688**	688

There is no limit on the group's borrowings and guarantees per the company's articles of association.

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
21. TRADE AND OTHER PAYABLES				
Trade payables	**594 385**	283 689	**–**	–
Other payables	**149 962**	117 573	**2 689**	2 700
Deferred income	**22 565**	–	**–**	–
	766 912	401 262	**2 689**	2 700
22. PROVISIONS				
Employee benefit provisions	**34 682**	32 469	**–**	–
Warranties and service provisions	**27 619**	16 419	**–**	–
	62 301	48 888	**–**	–
22.1 Movements in provisions				
Employee benefit provisions				
Balance at the beginning of the year	**32 469**	42 911	**–**	–
(Credited) to income	**(127)**	(10 442)	**–**	–
Acquisition of subsidiary	**2 340**	–	**–**	–
Balance at the end of the year	**34 682**	32 469	**–**	–
The provision has been recognised for expected leave and incentives due to employees.				
Warranties and service provisions				
Balance at the beginning of the year	**16 419**	16 186	**–**	–
Charged to income	**4 940**	233	**–**	–
Acquisition of subsidiary	**6 260**	–	**–**	–
Balance at the end of the year	**27 619**	16 419	**–**	–
The provision has been recognised for expected warranty claims on certain products sold during the last 3 financial years.				
23. RECONCILIATION OF INCOME BEFORE TAXATION TO CASH GENERATED FROM (UTILISED IN) OPERATING ACTIVITIES				
Income before taxation	**255 828**	178 687	**129 309**	674 776
Adjusted for:				
Depreciation	**21 459**	21 749	**5**	3
Amortisation of intangible assets	**1 237**	817	**–**	–
Profit on disposal of property, plant and equipment	**(1 040)**	(41)	**–**	–
Profit on disposal of investment	**(27 867)**			
Finance costs	**162 648**	40 552	**–**	–
Dividend received	**(44)**	(53)	**(80 835)**	(517 940)
Interest and preference dividends received	**(137 203)**	(21 343)	**(48 178)**	(7 354)
Gain on restructure of subsidiary	**–**	–	**–**	(157 903)
Translation of foreign operations	**(25)**	830	**–**	–
Share appreciation rights	**4 352**	–	**–**	–
Operating cash flows before movements in working capital	**279 345**	221 198	**301**	(8 418)
Working capital changes	**85 353**	(122 826)	**119**	(5 263)
Increase in inventories	**(147 634)**	(76 629)	**–**	–
(Increase) decrease in accounts receivable	**(48 259)**	(56 109)	**168**	(7 187)
Increase (decrease) in accounts payable and provisions	**281 246**	9 912	**(49)**	1 924
Cash generated from (utilised in) operations	**364 698**	98 372	**420**	(13 681)

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
24. DIVIDENDS PAID				
Amounts unpaid at the beginning of the year	**312**	237	**312**	237
Final dividend paid 24 July 2006 (2006: 13 June 2005)	**30 283**	30 028	**30 283**	30 028
Interim dividend paid 11 December 2006 (2006: 5 December 2005)	**24 373**	19 942	**24 373**	19 942
Dividends received on shares repurchased	**–**	(3 401)	**–**	(3 401)
Amounts unpaid at the end of the year	**(396)**	(312)	**(396)**	(312)
	54 572	46 494	**54 572**	46 494
25. NORMAL TAXATION PAID				
Amounts (overpaid) unpaid at the beginning of the year	**(2 538)**	1 536	**157**	53
Acquisition of subsidiary	**–**	1 599	**–**	–
Charged to the income statement	**40 507**	53 031	**897**	2 267
Amounts (unpaid) overpaid at the end of the year	**(12 758)**	2 538	**(84)**	(157)
	25 211	58 704	**970**	2 163
26. ACQUISITION OF SUBSIDIARIES				
Additional investments in subsidiaries	**–**	–	**4 202**	–
Additional interest acquired in Bearing Man Limited	**–**	315 647	**–**	306 741
Additional interest acquired in Cartcom (Pty) Ltd	**–**	2 700	**–**	–
Investment in Humulani Investments (Pty) Ltd	**–**	–	**–**	60 005
	–	318 347	**4 202**	366 747
Acquisition of business by Bearing Man Limited				
Reasonable value of assets acquired				
Property, plant and equipment	**–**	3 019	**–**	–
Inventories	**–**	4 242	**–**	–
Trade and other receivables	**–**	6 119	**–**	–
Goodwill arising on acquisition	**–**	4 626	**–**	–
Deferred tax	**–**	(425)	**–**	–
Long-term borrowings	**–**	(157)	**–**	–
Trade and other payables	**–**	(3 737)	**–**	–
Tax liabilities	**–**	(1 599)	**–**	–
Minority interest	**–**	(2 120)	**–**	–
Cash flow on acquisition	**–**	9 968	**–**	–
Acquisition of New Holland SA (Pty) Ltd				
Reasonable value of assets acquired				
Property, plant and equipment	**3 822**	–	**–**	–
Inventories	**93 780**	–	**–**	–
Trade and other receivables	**36 940**	–	**–**	–
Bank overdraft	**(42 010)**	–	**–**	–
Goodwill arising on acquisition	**5 020**	–	**–**	–
Trade and other payables	**(66 652)**	–	**–**	–
Provisions	**(8 600)**	–	**–**	–
Cash flow on acquisitions	**22 300**	–	**–**	–
Bank overdrafts acquired	**42 010**	–	**–**	–
Cash flow on acquisition net of cash acquired	**64 310**	–	**–**	–
Total cash flow on acquisitions	**64 310**	328 315	**4 202**	366 746

100% of the share capital of New Holland SA and its subsidiary Farmac was acquired on 1 April 2006. The revenue for the year was R336 450 000 and the companies made a marginal net profit after tax.

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
27. RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Bank and cash balances	**195 743**	26 368	**20 223**	2 851
Bank overdrafts and banker's acceptances	**(342)**	(105 642)	**–**	–
	195 401	(79 274)	**20 223**	2 851

28. CONTINGENT LIABILITIES

28.1 The company has guaranteed certain of the overdraft facilities, shipping facilities and long-term liabilities of its subsidiaries, Bearing Man (Pty) Ltd, CSE Equipment Company (Pty) Ltd and Humulani Investments (Pty) Ltd and obligations of Humulani Investments (Pty) Ltd to Morgan Stanley South Africa (Pty) Ltd. At the year end, liabilities of the aforementioned companies so secured were R331 406 309 (2006: R194 820 530).

28.2 The group has guaranteed certain staff loans to a commercial bank. The individual loans are not significant in value, and the exposure risk is not considered to be material. The total guarantee has been limited to R3 000 000 (2006: R3 000 000).

28.3 The group has guaranteed certain finance facilities granted to customers of ABSA Bank. At the year end, the finance facilities guaranteed were R750 162 (2006: R954 000).

29. DIRECTORS' EMOLUMENTS

2007	Directors' fees	Audit and remuneration committee fees	Salary and benefits	Retirement benefits	Bonuses	Total emolument
Executive directors						
A Goldstone	–	–	**1 555**	**203**	**3 927**	**5 685**
L J Marais *	–	–	**601**	–	–	**601**
A M Sinclair	–	–	**1 136**	**85**	**450**	**1 671**
	–	–	**3 292**	**288**	**4 377**	**7 957**
Non-executive directors						
C H Wiese	**460**	**18**	–	–	–	**478**
M Rose-Innes	**45**	–	–	–	–	**45**
D I Samuels	**305**	**200**	–	–	–	**505**
R E Sherrell	**45**	–	–	–	–	**45**
	855	**218**	–	–	–	**1 073**
	855	**218**	**3 292**	**288**	**4 377**	**9 030**

* Resigned 31 July 2006

Equity settled bonus incentive right

	A Goldstone	Weighted average incentive rights cost	A M Sinclair	Weighted average incentive rights cost
Outstanding at the beginning of the year	–		–	
Awarded during the year	1 000 000	3,72	330 000	3,72
Forfeited during the year	–	3,72	(20 625)	3,72
Outstanding at the end of the year	1 000 000	3,72	309 375	3,72

29. DIRECTORS' EMOLUMENTS (continued)

2006	Directors' fees	Audit and remuneration committee fees	Salary and benefits	Retirement benefits	Bonuses	Total emolument
Executive directors						
A Goldstone	–	–	761	248	106	1 115
L J Marais	–	–	875	66	123	1 064
A M Sinclair	–	–	629	46	–	675
	–	–	2 265	360	229	2 854
Non-executive directors						
C H Wiese	245	18	–	–	–	263
M Rose-Innes	90	–	–	–	–	90
D I Samuels	320	180	–	–	–	500
R E Sherrell	18	–	–	–	–	18
	673	198	–	–	–	871
	673	198	2 265	360	229	3 725

30. RETIREMENT BENEFITS

The group contributes to a defined contribution pension plan and a defined contribution provident plan which are governed by the Pension Funds Act, 1956. No actuarial valuation of the plans is required. All staff are members of a fund and the costs of providing retirement benefits are charged to the income statement as they are incurred.

	Group		Company	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
31. COMMITMENTS				
Commitments in respect of unexpired rental agreements for premises:				
– Payable within twelve months	**14 578**	10 357	**122**	187
– Payable thereafter	**34 446**	11 253	**111**	389
	49 024	21 610	**233**	576
Commitments in respect of unexpired rental agreements for motor vehicles:				
– Payable within twelve months	**7 478**	5 655	**–**	–
– Payable thereafter	**9 505**	6 474	**–**	–
	16 983	12 129	**–**	–
Commitments in respect of unexpired rental agreements for office equipment:				
– Payable within twelve months	**1 469**	255	**–**	–
– Payable thereafter	**3 931**	–	**–**	–
	5 400	255	**–**	–
Commitments in respect of contracted capital expenditure	**–**	–	**–**	–

32. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate management

The interest rate profile of total borrowings is as follows:

Description	Currency	Interest Redemption	Rate %	2007 R000	2006 R000
Bank overdraft	ZAR	N/A	12,50	**342**	105 642
Long-term borrowings	ZAR	2006 – 2016	8,50 – 16,7	**1 212 751**	1 223 044

Credit risk management

Potential areas of credit risk consist of trade accounts receivable and short-term cash investments. Trade accounts receivable consist mainly of a large, widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Provision is made for both specific and general bad debts and at the year end management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee or a bad debt provision. It is group policy to deposit short-term cash investments with only the major banks.

Liquidity risk management

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Foreign currency exposure

The group utilises currency derivatives to eliminate or reduce the exposure to its foreign currency denominated assets and liabilities, and to hedge future transactions. The group has entered into certain forward exchange contracts in various currencies which do not relate to specific liabilities appearing on the balance sheet at the year end. These contracts will be utilised for settlement of orders already placed on suppliers and due for payment in the coming year. It is the group's policy not to speculate in foreign exchange contracts.

The estimated net fair values have been determined at the year end, using available market information and appropriate valuation methodologies, and are not indicative of the amounts that the group could realise in the normal course of business.

Forward exchange contracts

	Foreign currency 2007 '000	Average rate	Rand 2007 '000
US Dollar	25 941	7,3508	190 688
Euro	20 312	9,6103	195 204
Yen	735 163	15,9140	46 196
British Pound	279	14,4444	4 030
Swiss Franc	43	5,8605	252

A liability of R3 202 692, (2006: R7 574 503) arose on the revaluation of contracts to fair value. This liability has been included in accounts payable.

The forward exchange contracts all mature within twelve months.

At year-end the open forward exchange contracts are marked-to-market and the profits and losses arising on the contracts are recognised in the income statement.

Carrying amounts of Financial Instruments

The carrying amounts of other financial assets and financial liabilities approximate their fair value.

These include trade receivables and payables, other receivables and payables, long-term debtors, overdrafts and short-term borrowings, long-term borrowings and shareholders for dividend.

33. DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY

	Number of shares held 2007		Number of shares held 2006	
	Direct interest	**Indirect interest**	Direct interest	Indirect interest
C H Wiese	**–**	**25 093 992**	–	25 093 992
M Rose-Innes	**–**	**3 234 062**	–	3 234 062
D I Samuels	**1 000 460**	**4 000 000**	1 000 000	4 000 000
A Goldstone	**588 966**	**4 778 992**	781 466	5 265 450
R E Sherrell	**–**	**10 194 418**	1 336 712	10 472 327
A M Sinclair	**124 000**	**–**	124 000	–
L Marais*	**–**	**–**	110 500	–

No material changes in the above shareholdings have been reported between 31 March 2007 and the date of this report.

*Resigned 31 July 2006

34. EVENTS AFTER THE BALANCE SHEET DATE

On 1 June 2007 the group acquired 60% of the share capital of Tiletoria (Pty) Ltd. Tiletoria (Pty) Ltd is an importer and distributor of floor and wall tiles mainly in the Western Cape.

35. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*. Further information about the remuneration of individual directors is provided on page 52 to 53.

	Group	
	2007	2006
	R000	R000
Short-term employee benefits	**25 236**	8 047
Retirement benefits	**1 325**	722
	26 561	8 769

Schedule of material interests in subsidiaries

as at 31 March 2007

	Issued (ordinary) Share capital 2007 R'000	2006 R'000	Proportion held directly or indirectly by holding company 2007 %	2006 %	Book value of shares 2007 R'000	2006 R'000	Amount owing by(to) subsidiary 2007 R'000	2006 R'000
DIRECT HOLDINGS								
Bearing Man 1955 Limited[1] (Investment Holding Company)	**64 830**	62 742	**100**	100	**440 770**	436 570	**–**	–
Humulani Investments (Pty) Ltd[1] (Investment Holding Company)	**10**	6	**80**	100	**60 007**	60 005	**46 405**	(5)
INDIRECT HOLDINGS								
Bearing Man (Pty) Ltd[1] (Trading Company)	**–**	–	**80**	100	**–**	–	–	–
CSE Equipment Company (Pty) Ltd[1] (Trading Company)	**–**	–	**80**	100	**–**	–	**(26 981)**	(13 838)
Cartcom (Pty) Ltd[1] (Trading company)	**–**	–	**80**	100	**–**	–	**–**	–
Metfab Development and Marketing Company (Pty) Ltd[1] (Trading company)	**–**	–	**80**	100	**–**	–	**–**	–
Bearing Man (Botswana) (Pty) Ltd[2] (Trading company)	**–**	–	**80**	100	**–**	–	**–**	–
Bearing Man (Namibia) (Pty) Ltd[3] (Trading company)	**–**	–	**80**	100	**–**	–	**–**	–
Bearing Man (Swaziland) (Pty) Ltd[4] (Trading company)	**–**	–	**80**	100	**–**	–	**–**	–
Bearing Man (Mozambique) Lda[5] (Trading company)	**–**	–	**80**	100	**–**	–	**–**	–
Bearing Man (Zambia) (Pty) Ltd[6] (Trading company)	**–**	–	**80**	100	**–**	–	**–**	–
Invicta Properties (Pty) Ltd[1] (Property holding company)	**–**	–	**80**	100	**–**	–	**–**	–
Oscillating Systems Technology Africa (Pty) Ltd[1] (Trading company)	**–**	–	**48**	100	**–**	–	**–**	–
Mangold Turf Equipment – Company (Pty) Ltd[1] (Trading company)	**1**	1	**80**	100	**–**	–	**–**	–
New Holland SA (Pty) Ltd[1]	**1 663**	–	**80**	–	**–**	–	**–**	–
Farmmac (Pty) Ltd[1]	**–**	–	**80**	–	**–**	–	**–**	–
					500 777	496 575	**19 424**	(13 843)

The 5% of the ordinary issued share capital of Humulani Investments (Pty) Limited owned by the Humulani Investments Share Incentive Trust has been consolidated in terms of SIC 12. Refer the Directors' Report on page 26 for further details.

A register containing details of the other direct and indirect subsidiaries is available for inspection during business hours at the registered office of the company by members or their duly authorised agents.

The company's attributable interest in the aggregate profits and losses (after taxation) of its subsidiaries is as follows:

	2007 R000	2006 R000
Profits	**218 279**	125 590
Losses	**700**	3 749

[1] Incorporated in South Africa; [2] Incorporated in Botswana; [3] Incorporated in Namibia; [4] Incorporated in Swaziland; [5] Incorporated in Mozambique; [6] Incorporated in Zambia.

Shareholder's information

as at 31 March 2007

SHAREHOLDERS SPREAD

	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	834	56,70	255 223	0,34
1 001 – 10 000 shares	446	30,32	1 555 009	2,09
10 001 – 100 000 shares	128	8,70	4 375 655	5,89
100 001 – 1 000 000 shares	47	3,20	13 441 644	18,08
1 000 0001 shares and over	16	1,09	54 713 024	73,60
	1 471	**100,00**	**74 340 555**	**100.00**
DISTRIBUTION OF SHAREHOLDERS				
Banks	24	1,63	2 713 654	3,65
Close corporations	19	1,29	43 628	0,06
Endowment fund	1	0,07	4 000	0,01
Individuals	1 163	79,06	9 577 153	12,88
Insurance companies	6	0,41	4 469 926	6,01
Investment company	3	0,20	46 980	0,06
Medical aid scheme	2	0,14	74 043	0,10
Mutual funds	56	3,81	11 826 327	15,91
Nominees and trusts	123	8,36	27 216 761	36,61
Other corporations	9	0,61	77 197	0,10
Pension fund	18	1,22	2 158 713	2,90
Private companies	41	2,79	10 699 252	14,39
Public companies	6	0,41	5 432 921	7,31
	1 471	**100,00**	**74 340 555**	**100,00**
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	**22**	**1,50**	**49 014 890**	**65,93**
Directors	22	1,50	49 014 890	65,93
Public shareholders	**1 449**	**98,50**	**25 325 665**	**34,07**
	1 471	**100,00**	**74 340 555**	**100,00**

REGISTERED SHAREHOLDERS HOLDING 5% OR MORE

	Number of shares	%
Titan Sharedealers 2	11 856 467	15,95
Dorsland Diamante (Pty) Ltd	10 027 000	13,49
The Sherrell Family Trust	10 194 418	13,71
Old Mutual Group	7 054 062	9,49

JOHANNESBURG STOCK EXCHANGE STATISTICS

Ordinary shares	**2007**	**2006**
Traded	**10 306 664**	15 897 151
High (cents)	**3 000**	1 850
Low (cents)	**1 700**	1 305
Market price at year end (cents)	**2 750**	1 850

Notice of annual general meeting of shareholders

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

Notice of Annual General Meeting of Shareholders for the year ended 31 March 2007
Notice is hereby given that the annual general meeting of shareholders of Invicta Holdings Limited will be held in the boardroom, Invicta Holdings Limited, Unit 1A, Ground Floor Seardel House Alphen Park, Constantia Main Road, Constantia, Cape Town on Friday, 27 July 2007 at 12h00 for the following purposes:

Special Resolution 1
To consider and if deemed fit, to pass with or without amendment, the following resolution as a special resolution: "RESOLVED THAT, the company and/or any subsidiary of the company be and is hereby authorised by way of a general approval as contemplated in sections 85(2) and 85(3) of the Companies Act (Act 61 of 1973) as amended ("the Act"), to acquire from time to time of the issued ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the Articles of Association of the company, the provisions of the Act and the Listings Requirements of the JSE Limited ("JSE"), when applicable, and provided that:

- the repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the company's ordinary shares are acquired by the company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the company;
- the acquisitions of ordinary shares in the aggregate in any one financial year do not exceed 20% (twenty percent) of the company's issued ordinary share capital from the date of the grant of this general authority;
- the company and the group are in a position to repay their debt in the ordinary course of business for the following year;
- the consolidated assets of the company, being fairly valued in accordance with Generally Accepted Accounting Practice, are in excess of the consolidated liabilities of the company for the following year;
- the ordinary capital and reserves of the company and the group are adequate for the next twelve months;
- the available working capital is adequate to continue the operations of the company and the group in the following year;
- upon entering the market to proceed with the repurchase, the company's Sponsor has complied with its responsibilities contained in Section 2.12 and Schedule 25 of the JSE Listings Requirements;
- after such repurchase the company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- the company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made; and
- the company only appoints one agent to effect any repurchase(s) on its behalf".

Other disclosure in terms of the JSE Listings Requirements Section 11.26
The JSE Listings Requirements require the following disclosure, some of which are elsewhere in the annual report of which this notice forms part as set out below:

– Directors and management – page 5;
– Major beneficial shareholders – page 57;
– Directors interests in ordinary shares – page 55; and
– Share capital of the company – page 48;

Litigation statement
In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names are given on page 5 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

Directors' responsibility statement
The directors, whose names are given on page 5 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that to the best

of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information.

Material changes
Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.

The reason for and the effect of the special resolution is to grant to the company a general approval in terms of the Companies Act for the acquisition by the company of its own shares, which general approval shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by a subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this special resolution.

General authority for the repurchase of shares on the open market
The board, at the date of this annual report has no definite intention of repurchasing shares in Invicta on the open market of the JSE. It is, however, proposed, and the board believes it to be in the best interest of Invicta, that shareholders pass a special resolution granting the company a general authority to acquire its own shares and permit subsidiary companies of Invicta to acquire shares in the company.

The company may not enter the market to proceed with the repurchase until Invicta's Sponsor, Deloitte & Touche Sponsor Services (Proprietary) Limited, has confirmed the adequacy of Invicta's working capital for the purposes of undertaking a repurchase of shares in writing to the JSE.

Pursuant to a general repurchase other than shares repurchased by one or more of the subsidiary companies to be held as treasury stock, application will be made to the JSE for the cancellation and delisting of the shares in question. The cancellation of the shares will be effected by the way of a reduction of the ordinary share capital and a reduction of the ordinary share premium.

Ordinary Resolution 1
To receive and consider the annual financial statements and the group annual financial statements for the year ended 31 March 2007.

Ordinary Resolution 2
To re-elect as director Mr D I Samuels who retires in terms of the Company’s Articles of Association but, being eligible, offers himself for re-election.

Ordinary Resolution 3
To re-elect as director Mr A Goldstone who retires in terms of the Company’s Articles of Association but, being eligible, offers himself for re-election.

Ordinary Resolution 4
To re elect as director Mr A M Sinclair who was appointed by the Board of Directors on 7 June 2007 and who retires in terms of the Company’s Articles of Association but, being eligible, offers himself for re-election.

Ordinary Resolution 5
To re elect as director Mr C Barnard who was appointed by the Board of Directors on 7 June 2007 and who retires in terms of the Company’s Articles of Association but, being eligible, offers himself for re election.

Ordinary Resolution 6
To re elect as director Mr A K Masuku who was appointed by the Board of Directors on 7 June 2007 and who retires in terms of the Company’s Articles of Association but, being eligible, offers himself for re election.

Ordinary Resolution 7
To approve the directors emoluments for the year and fix the emoluments for the following year.

Ordinary Resolution 8
“RESOLVED THAT the authorised but unissued shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company and that the directors of the company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973) as amended (“the Act”), the articles of association of the company and the JSE Limited (“JSE”) Listings Requirements, when applicable, such authority to remain in force until the next annual general meeting.”

Ordinary Resolution 9
“RESOLVED THAT the directors of the company be and they are hereby authorised by way of a general authority, to issue all or any of the authorised but unissued shares in the capital of the company, for cash, as and when they

in their discretion deem fit, subject to the Companies Act (Act 61 of 1973) as amended ("the Act"), the articles of association of the company, the Listings Requirements of the JSE Limited ("JSE"), when applicable, and the following limitations, namely that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" as defined in the JSE Listings Requirements and not related parties, unless the JSE otherwise agrees.
- the number of shares issued for cash shall not in the aggregate in any one financial year exceed 15% (fifteen percent) of the company's issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year, plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and fully underwritten, or an acquisition which has had final terms announced;
- this authority be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details, including the impact on the net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of shares in issue prior to the issue; and
- in determining the price at which an issue of shares may be made in terms of this authority , the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the company."

In terms of the JSE Listings Requirements, 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of ordinary resolution 9 for it to be approved.

Ordinary Resolution 10
To confirm the reappointment of Deloitte & Touche, Registered Auditors as auditors of the company for the following year.

Ordinary Resolution 11
To authorise the directors to fix the auditors fees for the following year.

Voting Instructions
In terms of the Companies Act (Act 61 of 1973) as amended, any member entitled to attend and vote at the above meeting may appoint one or more persons as proxy, to attend and speak and vote in his stead. A proxy need not be a member of the company. Forms of proxy must be deposited at the office of the transfer secretaries not later than 48 hours before the time fixed for the meeting (excluding Saturdays, Sundays and public holidays).

If your Invicta shares have been dematerialised and are held in a nominee account, then your Central Securities Depository Participant ("CSDP") or broker, as the case may be, should contact you to ascertain how you wish to cast your vote at the annual general meeting and thereafter cast your vote in accordance with your instructions. If you have not been contacted it would be advisable for you to contact your CSDP or broker, as the case may be, and furnish them with your instructions. If your CSDP or broker, as the case may be, does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them, or if the mandate is silent in this regard to abstain from voting. Dematerialised shareholders whose shares are held in a nominee account must not complete the attached form of proxy.

Unless you advise your CSDP or broker timeously in terms of the agreement between yourself and your CSDP or broker by the cut-off time advised by them that you wish to attend the annual general meeting or send a proxy to represent you at the annual general meeting, your CSDP or broker will assume you do not wish to attend the annual general meeting or send a proxy. If you wish to attend the annual general meeting, your CSDP or broker will issue the necessary letter of authority to you to attend the annual general meeting.

Shareholders who have dematerialised their shares through a CSDP or broker, other than "own name" registered dematerialised shareholders, who wish to attend the annual general meeting, must request their CSDP or broker to issue them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker.

By order of the board

C Barnard
Company secretary

Johannesburg
6 June 2007

Form of proxy

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

For use only by certificated shareholders or dematerialised shareholders with "own name" registration at the annual general meeting of shareholders to be held in the boardroom, Invicta Holdings Limited, Unit 1A, Ground Floor Seardel House, Alphen Park, Constantia Main Road, Constantia, Cape Town on Friday, 27 July 2007 commencing at 12h00 ("the annual general meeting").

Dematerialised shareholders holding shares other than with "own name" registration, must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary letter of representation to attend the annual general meeting in person and vote or provide their CSDP or broker with their voting instructions should they not wish to attend the annual general meeting in person. These shareholders must not use this form of proxy.

I/We ______________________________

of (address) ______________________________

being a shareholder of Invicta and holding ____________ shares hereby appoint (name in block letters)

1. ______________________________ or failing him

2. ______________________________ or failing him

3. The chairman of the annual general meeting as my/our proxy to act for me/us at the annual general meeting which will be held on Friday, 27 July 2007 at 12h00 in the boardroom of Invicta Holdings Limited at Unit 1A, Ground Floor, Seardel House Alphen Park, Constantia Main Road, Constantia, Cape Town for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the company registered in my/our name(s) (see note 2).

	Number of shares		
	For	Against	Abstain
Special Resolution 1 General authority to repurchase shares			
Ordinary Resolution 1 Adoption of the annual financial statements			
Ordinary Resolution 2 To re-elect as director Mr D I Samuels			
Ordinary Resolution 3 To re-elect as director Mr A Goldstone			
Ordinary Resolution 4 To re-elect as director Mr A M Sinclair			
Ordinary Resolution 5 To re-elect as director Mr C Barnard			
Ordinary Resolution 6 To re-elect as director Mr A K Masuku			
Ordinary Resolution 7 Approval of directors' emoluments			
Ordinary Resolution 8 To place the authorised but unissued shares under the control of the directors			
Ordinary Resolution 9 To authorise the directors to issue shares for cash			
Ordinary Resolution 10 To confirm the reappointment of Deloitte & Touche as auditors of the company for the following year			
Ordinary Resolution 11 To authorise the directors to fix the auditors fees for the following year			

Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at ______________ on ______________ 2007

Signature ______________ assisted by me (where applicable) ______________

Number of shares ______________

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and vote in place of that shareholder at the annual general meeting.

Please read the notes hereof.

Notes:

1. A shareholder may insert the name or names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the annual general meeting" but any such deletion must be initialled by the shareholder.
2. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or his proxy, or cast them in the same way.
3. Any alteration or correction made to this form must be initialled by the signatory/ies.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
5. The completion and lodging of this form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so.
6. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
7. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company.
8. Where there are joint holders of any shares:
   - any one holder may sign this form of proxy;
   - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
9. Forms of proxy must be lodged with or posted to the company's transfer secretaries' offices in Johannesburg to be received by 12h00 on Wednesday, 25 July 2007.