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CPN - Capricorn Investment Holdings Limited - Reviewed results for the year 28 Dec 2011

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CAPRICORN INVESTMENT HOLDINGS LIMITED

(formerlyCenmag Holdings Limited)

(Registration Number 1987/004821/06)

("Capricorn" or "the Company")

Share code: CPN ISIN: ZAE000149951

REVIEWED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2011CONDENSED STATEMENTS OF FINANCIAL POSITION

	Company Reviewed 28 February 2011	Group Audited 28 February 2010
ASSETS	R`000	R`000
Non-current assets	15	7 633
Property, plant and equipment	-	7 405
Deferred tax	15	228
Current assets	5 743	13 585
Total assets	5 758	21 218
EQUITY AND LIABILITIES		
Capital and reserves	5 639	16 298
Non-Controlling Interest	-	482
Interest free liabilities	120	4 438
Total equity and liabilities	5 758	21 218
Number of shares in issue (000`s)	59 886	96 000
Net assets value per share information *		
Net asset value per share (cents)	9.42	17.00

Net tangible asset value per share (cents)	9.42	17.00
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*The shares were sub-divided on the basis of 10:1 on 15 November 2010.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

Group	Company	Group		
		Disclaimed Six months ended 31 August 2010 R`000	Reviewed Year ended 28 February 2011 R`000	Audited Year ended 28 February 2010 R`000
Gross Revenue		20 062	-	34 615
Cost of sales		-13 678	-	-23 944
Gross profit		6 384	-	10 671
Operating costs		-4 773	-1 097	-8 268
Operating income		1 611	-	-
Depreciation		232	-	-
Operating profit/(loss)		1 379	-1 097	2 403
Finance income/(Finance costs)		-132	45	826
Loss on sale of investments in subsidiary companies		-	-1 081	-
Dividends received		-	6 730	-
Profit before tax		1 511	4 597	3 229
Taxation		-519	-31	-658
Profit after tax		992	4 567	2 571
Minority interest		14	-	30
Profit attributable to shareholders		978	4 567	2 541
Headline earnings		978	5 648	2 541
Earnings per share information				
Weighted average number of shares in issue (000`s)*		96 000	85 611	96 000
Attributable earnings per share (cents)		1.02	5.33	2.65

Headline earnings per share (cents)	1.02	6.60	2.65
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*The shares were sub-divided on the basis of 10:1 on 15 November 2010.

CONDENSED STATEMENTS OF CASH FLOWS

	Group Disclaimed Six months ended 31 August 2010	Company Reviewed Year ended 28 February 2011	Group Audited Year ended 28 February 2010
Cash flows from operating activities	103	3 963	2 440
Cash flows from investing activities	-	(4 094)	-758
Cash effects of financing activities	- 4 473	-	2 309
Net (decrease)/increase in cash and cash equivalents	103	4 342	-627
Cash at beginning of period	8 266	1 430	8 893
Cash at the end of period	8 369	5 772	8 266

CONDENSED STATEMENT OF CHANGES IN EQUITY- COMPANY

Share	Share	Other non-	Retained	Total	
	Capital	premium	distribut-	income	
			able	reserves	
R`000	R`000		R`000	R`000	
Balance at 01 March 2009	96	7 581	76	1 603	9 356
Total comprehensive income for the	-	-	-	(4 114)	(4 114)

year					
Transfer non-	-	-	(76)	-	(76)
investable					
reserves					
Balance at 01 96		7 581	-	(2 511)	5 166
March 2010					
Net profit for the -		-		4 567	4 567
year					
Repurchase of (34)		(4 060)	-	-	(4 094)
shares					
Balance at 28 62		3 521	-	2 056	5 639
February 2011					

SEGMENTAL REPORTING

	Group	Company	Group
Disclaimed	Audited	Year ended	Year ended
Reviewed	Six months	28 February	28 February
	ended 31	2011	2010
	August 2010		
Revenue			
Manufacturing and Service	10 107	-	13 864
Wholesaling	9 955	-	20 751
Total	20 062	-	34 615
Profit from operating activities			
Manufacturing and Service	1 192	-	1 744
Wholesaling	186	-	659
Total	1 378	-	2 403

RECONCILIATION OF HEADLINE EARNINGS

Profit attributable to	978	4 567	2 541
shareholders			
Adjustments for:			
Loss on sale of investments in	-	1 081	-
subsidiary companies			

Headline (loss)/earnings	978	5 648	2 541
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COMMENTARY

RESULTS

The board presents its reviewed results for the Company for the year ended 28 February 2011 in accordance with IAS 34: Interim Financial Reporting. The Company was previously an investment holding company and its subsidiaries were involved in the manufacture and servicing of electromagnets and motor rewinding and the wholesaling of electrical and related equipment which businesses were disposed of during 2010 and accordingly the Company was deemed a cash shell with effect from 20 December 2010.

The Company no longer holds any subsidiaries and the Statement of Financial Position presented has been reviewed and presented without qualification.

However, pursuant to the disposal of the various subsidiaries as described below, the acquirer was not prepared to make the results available to the Company in order for Group financial statements to be prepared. Accordingly the auditors have disclaimed an opinion on the Group financial statements with particular regard to Statement of Comprehensive Income and Statement of Changes in Equity. This disclaimer will not impact on the results of the Company in forthcoming year.

Accordingly, it is not considered meaningful to present group results for the current year and only company results have been presented.

ACCOUNTING POLICIES

The financial results have been prepared in accordance with IAS 34 – Interim Financial Reporting in with accounting policies that comply with International Financial Reporting Standards ("IFRS") and JSE Listings Requirements of the JSE Limited. The accounting policies and methods of measurement and recognition are consistent with those applied in the previous financial period. The results have been reviewed by the external auditors, Horwath Leveton Boner, whose unqualified review report on the Company results and the disclaimer of conclusion on the Group results is available for inspection at the registered office of the Company.

BUSINESS OVERVIEW

Due to the business being a cash shell, no revenue was generated for the year ended 28 February 2011. The Company did however report non-operational income in the form of R45K finance income and R6.7million in dividends received. In addition there was a R1.1. Million loss on sale of investment subsidiary companies. This resulted in headline earnings per share of 6.60 cents per share compared to 2.65 cents per share in the prior period. The Company repurchased approximately 37.62% of the issued capital and subsequently subdivided the share capital from a par value of R0.01 to R0.001, which therefore had a dilutive effect on the earnings per share information. The details of the repurchase are clarified below.

ISSUE AND REPURCHASE OF SHARES AND SUB-DIVISION OF SHARE CAPITAL

During the period under review, the Company underwent a specific repurchase of 1 009 293 Capricorn shares from Blaf Investments CC and 2 402 105 shares from Victor Farkas, both deemed related parties of the Company in terms of the JSE Listings Requirements. These repurchases were done at a repurchase price of 120 cents per share (prior to the sub-division of shares) for which shareholder approval was received in general meeting on 15 November 2010. No new shares were issued during the year under review.

In addition to requesting approval for the above-mentioned repurchase of shares, the Company requested shareholders to approve a sub-division of the issued and authorised share capital on a 10-1 basis as well as the cancellation of Cenmag's (former name of Capricorn) Share Incentive Trust 200 000 shares, which were also approved on 15 November 2010 (2 000 000 shares post the sub-division).

At the end of the year, the issued share capital of the Company was 59 886 020 ordinary shares and the authorised share capital was 1 000 000 000.

SUBSEQUENT EVENTS AND FUTURE PROSPECTS

As announced on 15 December 2011, a sale and purchase agreement has been agreed between the Company, Water Utilities Ltd and Watermark Global PLC ("Watermark") regarding the acquisition of

100% of the shares and claims in Western Utilities Corporation (Proprietary) Limited ("WUC"), a wholly-owned subsidiary of Watermark, for a purchase consideration of GBP4.50 million.

WUC has procured a water treatment technology and commercialisation entity which has developed a Long Term Self Sustainable Solution for Acid Mine Drainage ("AMD") in South Africa as well as developed proprietary technology in respect of a coal briquetting project ("Briquetting Project"). The Briquetting Project is currently at the development stage but is expected to be in production within 12 months. Off take agreements are already in place in order to secure the income streams of the Briquetting Project. The agreement is held with the mine where the coal fines are generated.

Following receipt of all required approvals for the AMD project, it is also envisaged that there will be off take agreements with the mines for the Industrial Quality water and that Potable water will be incorporated into a Bulk Water Distributor network. It has been proposed that revenue will be generated for services rendered through the implementation of the technology, for the water distribution, and through the sale of by-products generated from the AMD Project.

The terms and conditions of this acquisition and associated transactions are detailed in a separate announcement.

AUDITORS REVIEW OPINION ON THE COMPANY RESULTS

The auditors have issued an unmodified and unqualified review opinion on the Company results as presented.

Basis for Disclaimer of Conclusion on the Group Annual Financial Statements Group financial statements for the year ended 28 February 2011 have not been presented as the accounting records of the former subsidiaries were not made available and consequently the external auditors were not engaged by the directors to carry out a review.

Disclaimer of Conclusion on the Group Annual Financial Statements

Because of circumstances described in the Basis of Disclaimer of Opinion on the Group Annual financial statements for the year ended 28 February 2011 the external auditors are unable to make a conclusion as required for a review engagement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The review report contains two reportable irregularities relating to the late finalisation and posting of the annual financial statements, which will only be rectified on signing of the annual financial statements and posting of the annual report and calling of the annual general meeting.

DIRECTORS

During the period under review Messrs V Farkas, C Roux and J Farkas resigned with effect from 29 November 2010. Messrs J Herbst, S Tredoux, B McQueen and K Jarvis were appointed to the board with effect from 30 November 2010. Subsequent to year end, Mr C Pettit was appointed to the board as an independent non-executive director with effect from 19 July 2011.

COMPANY SECRETARY

After 29 November 2010, Arcay Client Support (Proprietary) Limited was appointed the company secretary to Capricorn.

DIVIDENDS

No dividends were recommended or declared for the period.

SPECIAL RESOLUTIONS

At the general meeting of shareholders held on 15 November 2010, the following special resolutions were presented and approved:

Specific repurchase of 3 411 398 shares in terms of Section 85 of the old Companies Act;
Disposal of the Capricorn businesses as per Section 228 in terms of the old Companies Act;
Change of name from Cenmag Holdings Limited to Capricorn Investment Holdings Limited;
Increase in authorised share capital to 1 000 000 000 shares (post the subdivision);
Sub-division of issued and authorised share capital on a 10-1 basis from 1 cent to 0.1 cent shares; and
Cancellation of the Cenmag Share Incentive Trust shares.

POSTING OF ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

The annual report is expected to be posted to shareholders during January 2012 and the details of the date and venue of the annual general meeting will be posted to shareholders and announced on SENS in due course.

28 December 2011

Johannesburg

B McQueen Prepared by: J Herbst
Directors: B McQueen* (Chairman), J Herbst (Chief Executive Officer), S Tredoux (Financial Director), K Jarvis*, E Greenblatt, C Pettit* (* Independent Non-Executives)
Company Secretary: Arcay Client Support (Proprietary) Limited
Registered Office: Number 3, Anerley Road, Parktown, Johannesburg
Transfer Secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Marshalltown 2001, PO Box 61051, Marshalltown 2107
Auditors: Horwath Leveton Boner
Sponsor: Arcay Moela Sponsors (Pty) Limited

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