CPN - Capricorn Investment Holdings Limited - Audited Results for the year ended 3 Feb 2012

CAPRICORN INVESTMENT HOLDINGS LIMITED

(formerlyCenmag Holdings Limited)

(Registration Number 1987/004821/06)

("Capricorn" or "the Company")

Share code: CPN ISIN: ZAE000149951

AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2011

CONDENSED STATEMENT OF FINANCIAL POSITION

	Company	Group
	Audited	Audited
	28 February 2011	28 February2010
ASSETS	R`000	R`000
Non-current assets	15	7 633
Property, plant and equipment	-	7 405
Deferred tax	15	228
Current assets	5 751	13 585
Total assets	5 766	21 218
EQUITY AND LIABILITIES		
Capital and reserves	5 638	16 298
Non-Controlling Interest	-	482
Interest free liabilities	128	4 438
Total equity and liabilities	5 766	21 218
Number of shares in issue (000`s)	59 886	96 000
Net asset 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

*The shares were sub-divided on the basis of 10:1 on 15 November 2010.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Group Disclaimed Six months ended 31 August 2010	Company Audited Year ended 28 February 2011	Group Audited Year ended 28 February 2010
	R`000	R`000	R`000
Gross Revenue	20 062	-	34 615
Cost of sales	-13 678	-	-23 944
Gross profit	6 384	-	10 671
Operating costs	-5 005	-1 097	-8 268
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	4 566	2 571
Minority interest	14	-	30
Profit attributable to Shareholders	978	4 566	2 541
Headline earnings	978	5 647	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

*The shares were sub-divided on the basis of 10:1 on 15 November 2010.

CONDENSED STATEMENT OF CASH FLOWS

	Group Disclaimed Six months ended 31 August 2010	Company Audited Year ended 28 February 2011	Group Audited Year ended 28 February 2010
Cash flows from operating Activities	103	4 321	2 440
Cash flows from investing Activities	-	-	-758
Cash effects of financing Activities	-	-	-2 309
Net (decrease)/increase in cash and cash equivalents	103	4 321	-627
Cash at beginning of period	8 266	1 430	8 893
Cash at the end of period	8 369	5 751	8 266

CONDENSED STATEMENT OF CHANGES IN EQUITY – COMPANY

	Share capital	Share premium	Other non-distribut-able reserves	Retained income	Total
	R`000	R`000		R`000	R`000
Balance at 01 March 2009	96	7 581	76	1 527	9 280
Total comprehensive income for the year	-	-	-	(4 114)	(4 114)

Transfer non investable reserves	-	-	(76)	76	-
Balance at 01 March 2010	96	7 581	-	(2 511)	5 166
Net profit for the year	-	-		4 566	4 566
Repurchase of shares	(34)	(4 060)	-	-	(4 094)
Balance at 28 February 2011	62	3 521	-	2 055	5 638

SEGMENTAL REPORTING

	Group Disclaimed Six months ended 31 August 2010	Company Audited Year ended 28 February 2011	Group Audited Year ended 28 February 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 shareholders	978	4 566	2 541
Adjustments for:			
Loss on sale of investments in	-	1 081	-

subsidiary companies			
Headline (loss)/earnings	978	5 647	2 541

COMMENTARY

RESULTS

The board presents its audited results for the Company for the year ended 28February 2011 inaccordance with IAS 34: Interim Financial Reporting. TheCompany was previously an investment holding company and its subsidiarycompanies were involved in the manufacture and servicing of electromagnets andmotor rewinding and the wholesaling of electrical and related equipment, whichwere disposed during 2010. Accordingly the Company became a cash shell witheffect from 20 December 2010.

The Company no longer holds any subsidiary companies and the Statement ofFinancial Positionpresented has been audited and presented withoutqualification. However, the acquirer of the various subsidiary companies was notprepared to make the results of these subsidiary companies available to theCompany in order for Group financial statements to be prepared. Accordingly, theauditor hasdisclaimed its opinion on the Group financial statements. Thisdisclaimer will not impact on the results of the Company for the forthcomingyear.

Accordingly, it is not considered meaningful to present group results for thecurrent year and onlycompany results have been presented.

RECLASSIFICATION OF RESULTS

There have been no changes to the reviewed company financial results announcedon SENS on 28December 2011, except for the following re-classifications in theStatement of financial position andStatement of cash flows:

Company	Before Reviewed 28 February 2011 R`000	After Audited 28 February 2011 R`000	Change R`000

Statement of financial position			
Current assets/Total assets	5 743	5 751	8
Current liabilities/Total Equity and liabilities	120	128	8
Statement of Cash Flows			
Cash flows from operating activities	3 963	4 321	358
Cash flows from investing activities	(4 094)	-	4 094
Cash effects of financing activities	4 473	-	(4 473)
Total cash movement for the year	4 342	4 321	(21)
Cash at end of year	5 772	5 751	(21)

The re-classification of current assets and current liabilities is due to areversal of a previous set off of acreditor and has a minimal effect on totalassets and liabilities.

The reclassification of cash flows from investing and financing activities aredue to the fact that the share buy-back and disposal of subsidiaries weretransacted as non-- cash items.

The increase in cash flows from operating activities is due to a non cashadjustment on settlement ofgroup loans.

The decrease in cash movement and cash at the end of the year is due to thereclassification of currentassets and current liabilities.

The re-classifications have had a minimal effect on the results of the cashflow.

ACCOUNTING POLICIES

The financial results have been prepared in accordance with IAS 34 – InterimFinancial Reporting in with accounting policies that comply with InternationalFinancial Reporting Standards ("IFRS") and theListings Requirements of the JSELimited ("JSE"). The accounting policies and methods of measurement andrecognition are consistent with those applied in the previous financial period.

The results have been audited by the external auditor, HorwathLeveton Boner,whose unqualified audit report on the results of the Company and the disclaimerof its opinion on the results of the Group are available for inspection at theregistered office of the Company.

BUSINESS OVERVIEW

Due to the Company becoming a cash shell, no revenue was generated for the yearended 28 February 2011. The Company did however report non-operational income inthe form of R45K in finance income and R6.7 million in dividends received. Inaddition there was a R1.1 million loss on sale of investment in subsidiarycompanies. This resulted in headline earnings per share of 6.60 cents per sharecompared to 2.65 cents per share in the prior period. The Company repurchasedapproximately 37.62% of its issued capital and subsequently subdivided the sharecapital from a par value of R0.01 to R0.001, thereby resulting in a dilution ofthe earnings per share information. The details of the repurchase are clarifiedbelow.

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

During the period under review, the Company repurchased its own shares byobtaining a specificapproval from shareholders to Capricorn shares from BlafInvestments CC and 2 402 105 ordinaryCapricorn shares from Mr Victor Farkas.Blaf Investments CC and Mr Victor Farkas were related partiesof the Company interms of the JSE Listings Requirements. These acquisitions were undertaken at arepurchase price of 120 cents per share (prior to the sub-division of shares).The shareholder approval for these acquisitions was received at a generalmeeting of the Company held on 15 November 2010. No new shares were issuedduring the year under review.

In addition to requesting approval of the acquisition of the shares referred toabove, the Company requested shareholders to approve a sub-division of theauthorised and issued share capital on a 10-1 basis as well as the cancellationof the Cenmag Share Incentive Trust (the share incentive trust bearing theformer name of the Company) and the 200 000 ordinary Capricorn shares held byit. This acquisition was also approved on 15 November 2010 (2 000 000 sharespost the sub-division).
At the end of the year, the Company had an authorised share capital comprising 1000 000 000 ordinary shares and an issued share capital of the Company was 59886 020 ordinary shares.

SUBSEQUENT EVENTS AND FUTURE PROSPECTS

As announced on 15 December 2011, a sale and purchase agreement has been signedbetween the Company, Water Utilities Ltd and Watermark Global PLC ("Watermark")regarding the acquisition of 100% of the shares in, and loan account and claimsagainst, Western Utilities Corporation (Proprietary) Limited ("WUC"), a wholly ownedsubsidiary of Watermark, for a purchase consideration of GBP4.50 million.

WUC has developed a water treatment technology and commercialisation entitywhich has developed aLong Term Self Sustainable Solution for Acid Mine Drainage("AMD") in South Africa as well as aproprietary technology in respect of a coalbriquetting project ("Briquetting Project"). The BriquettingProject iscurrently at the development stage but is expected to be in production within 12months. Off-take agreements are already in place in order to secure the incomestreams of the Briquetting Project.The agreement is held with the mine wherethe coal fines are generated.

Following receipt of all required approvals for the AMD project, it is alsoenvisaged that there will be off-take agreements with the mines for theindustrial quality water and that potable water will form the basis of a BulkWater Distributor network. It has been proposed that revenue will be generatedforservices rendered through the implementation of the technology, the waterdistribution, and through the sale of by-products generated from the AMDProject.

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

AUDIT OPINION ON THE COMPANY RESULTS

The auditor has issued an unmodified and unqualified audit opinion on theresults of the Company aspresented.

Basis for the Disclaimer of the Audit Opinion on the Group Annual FinancialStatementsthe Groupfinancial statements for the year ended 28 February 2011 have not beenpresented as the accounting records of the former subsidiary companies were notmade available and consequently the external auditor was not engaged by thedirectors to carry out an audit.

Disclaimer of the Audit Opinion on the Group Annual Financial StatementsBecause of circumstancesdescribed in the Basis for the Disclaimer of the AuditOpinion on the Group Annual financial statements for the year ended 28 February2011 the external auditor is unable to reach a conclusion as required for anaudit opinion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The audit report contains two reportable irregularities relating to the latefinalisation and posting of the annual financial statements, which will only berectified on signing of the annual financial statements and posting of theannual report and the calling of the annual general meeting by way of notice.

DIRECTORS

During the period under review Messrs V Farkas, C Roux and J Farkas resigned.Their resignations tookeffect on 29 November 2010. Messrs J Herbst, S Tredoux,B McQueen and K Jarvis were appointed to the board with effect from 30 November2010. Subsequent to year end, Mr C Pettit was appointed to the board as anindependent non-executive director. His appointment took effect on 19 July 2011.

COMPANY SECRETARY

Arcay Client Support (Proprietary) Limited was appointed as the CompanySecretary to Capricorn after29 November 2010.

DIVIDENDS

No dividends were recommended or declared for the period.

SPECIAL RESOLUTIONS

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

1) A specific authority to acquire 3 411 398 ordinary shares in terms ofSection 85 of the CompaniesAct, 61 of 1973;

2) A disposal of the subsidiary companies of Cenmag Holdings Limited (theformer name of theCompany) in terms of Section 228 of the Companies Act, 61 of 1973;

3) The change of name of the Company from Cenmag Holdings Limited to CapricornInvestmentHoldings Limited;

4) An increase in authorised share capital to 1 000 000 000 ordinary shares(post the sub-division);

5) A sub-division of the issued and authorised share capital on a 10-1 basisfrom 1 cent to 0.1 centshares; and

6) The cancellation of the Cenmag Share Incentive Trust and a specificauthority to acquire the 200 000 ordinary shares held by the Cenmag ShareIncentive Trust in terms of Section 85 of the Companies Act, 61 of 1973.

POSTING OF ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

The annual report is expected to be posted to shareholders in the next week andthe details of the dateand venue of the annual general meeting will be postedto shareholders and announced on SENS in due course.

3 February 2012

Johannesburg

B McQueen

Prepared by: J Herbst

Directors: B McQueen* (Chairman), J Herbst (Chief Executive Officer), S Tredoux(Financial Director),KJarvis*, E Greenblatt#, C Pettit# (#Non-Executive, 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 MarshallStreet, Marshalltown 2001, PO Box 61051, Marshalltown 2107

Auditor: HorwathLeveton Boner

Sponsor: ArcayMoela Sponsors (Pty) Limited

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