Invicta

HOLDINGS LIMITED

2019 UNAUDITED CONDENSED CONSOLIDATED RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Invicta Holdings Limited
Registration number 1966/002182/06
Ordinary Share code: IVT Ordinary Share ISIN ZAE000029773
Preference Share code: IVTP Preference Share ISIN: ZAE000173399
("Invicta" or the "Company" or the "Group")

Financial highlights

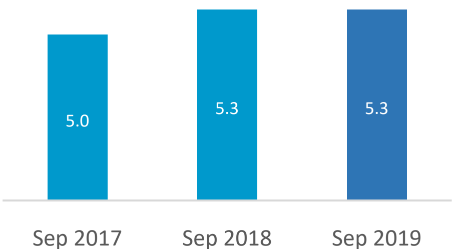
Revenue
R5.3 billion
↔ 0%

Profit attributable to ordinary shareholders*
R160 million
↑ 1049%

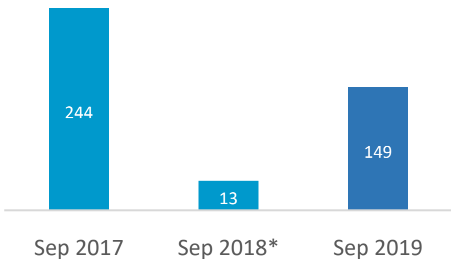
Profit for the period*
R208 million
↑ 228%

Headline earnings per share*
149 cents
↑ 2029%

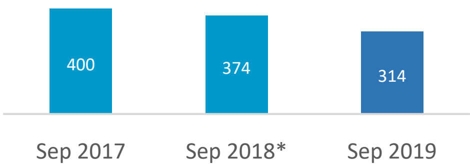
Revenue (R' billion)



Earnings per share (cents)



Profit before taxation (R' million)



*Restated, refer to note 7.

Executive review of our performance

Overview of the period

The Invicta Group has maintained revenue at R5.28 billion and gross profit at R1.55 billion, in an increasingly challenging environment. Operating profit declined by 6% to R383 million, reflecting prevailing trading conditions. The non-recurrence of the comparative period's tax provision contributed to profit for the period increasing by 228% to R208 million and basic EPS increasing by 1 046% from 13 cps to 149 cps.

A pleasing feature of the period under review has been the big improvement in cash generated by operations which increased from R99 million to R518 million.

The focus has been, and remains, on consolidating activities in key market sectors and extracting operational and funding efficiencies.

Group performance

Operational overview

Operations comprise:

- ESG (Engineering Solutions Group) – distributor of engineering products (e.g. bearings, belts, tools, electric motors, hydraulics etc.), technical services and solutions.
- CEG (Capital Equipment Group) – distributor of agricultural machinery, construction and earthmoving machinery, forklifts and related spare parts, including Kian Ann Engineering, based in Singapore.

ESG

The Engineering Solutions Group (ESG) has held its own against the background of uncertainty in the industrial and mining sectors and the impact of load shedding.

Revenue grew by 7% to R2.74 billion, of which R216 million came from the acquisition of the Forge Industrial Group (acquired on 1 September 2018) and the Driveshaft Parts Group (acquired on 1 December 2018).

Gross margins have declined by about 1 % due to an increase in the sales of tools and belting, which are lower margin products.

Operating profit before interest on capital equipment financing transactions and foreign exchange movements grew by 8% to R225 million, of which acquisitions contributed R29 million. Without acquisitions, ESG's operating profit before interest on capital equipment financing transactions and foreign exchange movements would have declined by 6%, which is reflective of the challenging trading conditions. To counter the decline in performance, overheads have been reduced commensurately, the full effect of which will only be realised in the second half of the year.

The consolidation of the central warehouse and logistics hub in Johannesburg continues to take central focus. The inventory efficiencies are taking longer than expected to realize as a result of slower trading, unforeseen delays in centralization of inventory from branches, and the supply of new product lines into the key industries. Inventory reduction remains a core management focus.

Executive review of our performance (continued)

CEG

CEG's performance has been affected by the lack of investment in infrastructure development in South Africa, the demise of numerous large construction companies in South Africa, a down turn in the Asian markets and drought in the agriculture sector in South Africa. The factors above have resulted in revenue declining by 8% to R2.32 billion.

The South African operations performed well under the circumstances with revenue declining by only 3%. A commendable 9% increase in operating profit before interest on capital equipment financing transactions and foreign exchange movements was achieved. Lack of liquidity and uncertainty in the agricultural sector resulted in a decline in demand for combine harvesters and higher kilowatt tractors. Despite the decline in volumes in every construction equipment sector, there is still activity in higher value, large equipment used in the mining sector.

Operating profit before interest on capital equipment financing transactions and foreign exchange movements decreased by 21% to R148 million. Overheads were well contained in response to the revenue and margin pressures.

CEG continued to maintain strong cash balances throughout the period, which has helped it further contribute to the Group's interest income.

Kian Ann's trading has been negatively influenced by the escalating trade tension between the USA and China and a material decline in global demand for construction equipment.

Strategic focus and prospects

The Group's strategic focus is based upon optimizing current operations and cash flows in order to reduce overall debt.

Trading conditions in South Africa remain challenging, with global trade uncertainties weighing on the foreign operations.

The businesses that make up the Group have strong fundamentals and enjoy significant competitive advantage. Management will continue to consolidate the strengths of the current businesses that make Invicta one of the leading suppliers of industrial consumable products, capital equipment and spare parts in southern Africa and South East Asia.

Any forward-looking statement in this announcement has not been reviewed nor reported on by the Company's auditors.

Changes to the board and board committees

There have been no changes to the board since the last reporting period.

Ordinary dividend policy

The board has resolved not to declare an interim dividend given the higher debt levels that resulted from the 2018 tax settlement. The normal dividend policy (of a total dividend cover ratio of 3.5 times at interim adjusted to 2.75 times at year end) will be resumed once cash flows and debt levels permit.

Appreciation

The board extends its gratitude to management and staff once again for the dedication and loyalty demonstrated in the face of difficult trading conditions.

The board is confident that management's optimization drive and the board's rigorous strategic review, will together deliver sustainable value to stakeholders.

Condensed consolidated statement of profit or loss and other comprehensive income

		Unaudited six months ended		Year ended
			Restated	Audited
		30 Sep	30 Sep	31 March
	%	2019	2018*	2019
	change	R'000	R'000	R'000
Revenue	(0)	**5,283,842**	5,284,191	10,449,704
Gross profit		**1,553,644**	1,554,970	2,987,824
Operating profit before interest on capital equipment financing transactions and foreign exchange movements	(6)	**384,852**	408,458	699,364
Interest received from capital equipment financial transactions		**11,271**	6,641	16,158
Finance cost on capital equipment financing transactions		**(6,489)**	(3,276)	(8,315)
Net foreign exchange cost		**(6,973)**	(3,111)	(17,317)
Operating profit	(6)	**382,661**	408,712	689,890
Interest received and dividends received from financial investments		**56,960**	67,835	128,572
Finance cost		**(154,648)**	(107,131)	(242,811)
Equity accounted earnings from investment in associates		**13,951**	4,190	27,171
Equity accounted earnings from investment in joint		**15,168**	–	11,630
Profit before taxation	(16)	**314,092**	373,606	614,452
Taxation		**(106,220)**	(310,322)	(385,838)
Profit for the period		**207,872**	63,284	228,614
Other comprehensive income				
Other comprehensive income that may be reclassified subsequently to profit or loss in subsequent periods (net of tax):				
Exchange differences on translating equity loans**		**(1,527)**	(515)	3,979
Exchange differences on translating foreign operations		**40,015**	181,122	238,455
Changes in the fair value of financial investments		**(873)**	–	5,927
Total comprehensive income for the period		**245,487**	243,891	476,975
Profit attributable to:				
Owners of the Company		**159,734**	13,902	134,555
Non-controlling interest		**6,638**	7,956	11,195
Preference shareholders		**41,500**	41,426	82,864
		207,872	63,284	228,614
Total comprehensive income attributable to:				
Owners of the Company		**198,674**	189,340	377,953
Non-controlling interest		**5,313**	13,125	16,158
Preference shareholders		**41,500**	41,426	82,864
		245,487	243,891	476,975

* Restated, refer to note 7.
** The equity loans form part of the net investment in foreign subsidiaries.

Basic earnings per share (cents)	1,046	**149**	13	174
Diluted earnings per share (cents)	1,046	**149**	13	174

Condensed consolidated headline earnings and earnings per share

	Unaudited six months ended		Audited year ended
	30 Sep	30 Sep	**31 Mar**
Earnings per share (cents)	**2019**	2018*	2019
Basic earnings per share	149	13	126
Diluted basic earnings per share	149	13	126
Headline earnings per share	149	7	112
Diluted headline earnings per share	149	7	112
Ordinary shares ('000)			
In Issue	**108,495**	108,495	108,495
Weighted average	**106,953**	106,953	106,953
Diluted weighted average	**106,953**	106,953	106,953
Headline earnings per share	**R'000**	R'000	R'000
Earnings			
Profit for the year attributable to owners of the Company	**159,734**	13,902	134,555
Headline adjustments			
Adjustments for:			
Gain from bargain purchase price recognised	**–**	(3,639)	(10,377)
Impairment of investment in associate(s)	**–**	1,588	2,849
Net profit on disposal of property, plant and equipment	**(562)**	(5,238)	(7,286)
Taxation on disposal of property, plant and equipment	**171**	1,290	1,786
Profit on disposal of investment	**–**	–	(2,270)
Profit on disposal of other assets	**–**	(649)	–
Headline earnings	**159,343**	7,254	119,257

* Restated, refer to note 7.

Condensed consolidated statement of financial position

	Unaudited six months ended 30 Sep 2019 R'000	30 Sep 2018* R'000	Audited year ended 31 Mar 2019 R'000
ASSETS			
Non-current assets	**3,734,562**	2,991,305	3,193,159
Property, plant and equipment	**1,994,876**	1,879,999	1,942,332
Right of use assets	**448,700**	–	–
Investment in associates and joint ventures	**242,304**	119,827	216,167
Financial investments	**1,002**	938	958
Goodwill	**662,927**	663,528	662,927
Other intangible assets	**53,142**	55,577	62,241
Other financial assets	**99,708**	54,272	99,506
Deferred taxation	**231,903**	217,164	209,028
Current assets	**8,228,179**	8,620,323	8,079,043
Inventories	**4,739,758**	4,464,861	4,543,864
Trade and other receivables	**1,847,690**	2,247,918	1,890,432
Current portion of financial assets	**681,975**	678,371	679,699
Taxation	**37,450**	8,948	29,333
Bank and cash balances	**921,306**	1,220,225	935,715
Total assets	**11,962,741**	11,611,628	11,272,202
EQUITY AND LIABILITIES			
Capital and reserves	**5,317,476**	5,046,773	5,182,056
Equity attributable to the equity holders	**5,193,531**	4,935,189	5,060,541
Non-controlling interest	**123,945**	111,584	121,515
Non-current liabilities	**3,093,356**	2,549,454	2,620,353
Long-term borrowings and financial liabilities	**2,276,047**	1,854,214	2,271,858
Right of use lease liabilities	**461,452**	–	–
Finance lease liabilities	**98,853**	41,038	95,377
Long-term taxation liabilities	**200,000**	600,000	200,000
Deferred taxation	**57,004**	54,202	53,118
Current liabilities	**3,551,909**	4,015,401	3,469,793
Trade and other payables and provisions	**2,205,640**	2,451,138	2,119,751
Taxation liabilities	**156,300**	200,246	158,621
Shareholders for dividends	**39,495**	41,489	47,263
Current portion of long-term borrowings	**721,396**	1,021,281	812,241
Current portion of right of use lease liabilitiy	**92,480**	–	–
Current portion of finance lease liabilities	**56,962**	73,007	68,787
Other financial liabilities	**79,890**	76,819	79,890
Bank overdrafts	**199,746**	151,421	183,240
Total liabilities	**6,645,265**	6,564,855	6,090,146
Total equity and liabilities	**11,962,741**	11,611,628	11,272,202

* Restated, refer to note 7.

Condensed consolidated statement of changes in equity

	Unaudited six months ended		Audited year ended
	30 Sep	30 Sep	**31 Mar**
	2019	2018*	2019
	R'000	R'000	R'000
Share capital, share premium and preference share capital			
Share capital	**5,424**	5,424	5,424
Share premium	**2,653,151**	2,653,151	2,653,151
Treasury shares - Balance at the beginning of the period	**(49,406)**	(68,057)	(68,057)
Treasury shares - Movement for the period	**–**	18,651	18,651
Treasury shares - Balance at the end of the period	**(49,406)**	(49,406)	(49,406)
Preference shares	**750,000**	750,000	750,000
Retained earnings			
Balance at the beginning of the period	**1,430,250**	1,419,989	1,419,989
Total comprehensive income	**200,360**	55,329	223,346
Transfers between reserves and other reserve movements	**(218)**	757	(15,112)
Effect of adoption of new accounting standards (IFRS 16 & 9)	**(66,180)**	–	(5,589)
Ordinary and preference dividends paid	**(41,500)**	(94,995)	(192,384)
Balance at the end of the period	**1,522,712**	1,381,080	1,430,250
Foreign currency translation reserve			
Balance at the beginning of the period	**354,614**	117,114	117,114
Total comprehensive income	**38,487**	175,523	237,500
Balance at the end of the period	**393,101**	292,637	354,614
Other reserves			
Balance at the beginning of the period	**(83,492)**	(99,395)	(99,395)
Share appreciation rights issued	**2,443**	1,899	4,342
Purchases of non-controlling interests	**(611)**	–	330
Transfers between reserves and other reserve movements	**218**	(201)	11,231
Distributable reserve recognised	**(9)**	–	–
Balance at the end of the period	**(81,451)**	(97,697)	(83,492)
Attributable to equity shareholders	**5,193,531**	4,935,189	5,060,541
Non-controlling interest			
Balance at the beginning of the period	**121,515**	99,473	99,473
Total comprehensive income	**5,314**	13,125	16,129
Transfers between reserves and other reserve movements	**–**	2	3,881
Effect of adoption of new accounting standards (IFRS 16)	**(235)**		
Purchases of non-controlling interests and non-controlling interest arising on acquisitions	**(433)**	–	4,277
Ordinary and preference dividends paid	**(2,216)**	(1,016)	(2,245)
Balance at the end of the period	**123,945**	111,584	121,515
Total equity	**5,317,476**	5,046,773	5,182,056

* Restated, refer to note 7.

Condensed consolidated statement of cash flows

	Unaudited six months ended		Audited year ended
	30 Sep	30 Sep	**31 Mar**
	2019	2018*	2019
	R'000	R'000	R'000
Cash flows from operating activities			
Cash generated from operations	**518,124**	98,600	545,062
Finance costs	**(164,118)**	(110,407)	(251,126)
Dividends paid to Group shareholders and non-controlling interest	**(48,516)**	(104,412)	(196,361)
Taxation paid	**(118,916)**	(79,578)	(612,977)
Interest and dividends received	**68,870**	74,476	144,730
Net cash inflow/(outflow) from operating activities	**255,444**	(121,321)	(370,672)
Cash flows from investing activities			
Proceeds on sale of property, plant and equipment and other intangible assets	**9,262**	47,283	66,553
Additions to property, plant and equipment	**(119,597)**	(100,471)	(209,727)
Additions to intangible assets	**(6,625)**	(2,095)	(23,158)
Acquisition of subsidiaries	**–**	(171,782)	(314,818)
Acquisition of associate and joint venture	**–**	–	(36,918)
Proceeds on sale of subsidiaries	**–**	–	(3,231)
Funds lent in respect of other financial assets	**(24,667)**	(2,153)	(5,911)
Payments received from other financial assets	**7,377**	–	–
Settlement of loans	**–**	6,394	6,394
Funds lent in respect of financial investments	**–**	–	(954)
Payments received from financial investments	**–**	4	964
Net cash outflow from investing activities	**(134,250)**	(222,820)	(520,806)
Cash flows from financing activities			
Funding received in respect of long-term borrowings	**18,776**	534,486	740,776
Principal repayment of long-term borrowings	**(126,127)**	–	–
Payment of right of use lease liabilities	**(41,479)**	–	–
Funding received in respect of finance lease liabilities	**35,810**	–	–
Principal repayment of finance lease liabilities	**(44,732)**	–	–
Non-controlling interest arising on issue of shares	**–**	–	6,236
Acquisition of non-controlling interest	**(1,043)**	–	(1,629)
Net cash (outflow)/inflow from financing activities	**(158,795)**	534,486	745,383
Net (decrease)/increase in cash and cash equivalents	**(37,601)**	190,345	(146,095)
Cash and cash equivalents at the beginning of the period	**752,475**	858,102	858,102
Effect of foreign exchange rate movement on cash balance	**6,686**	20,357	40,468
Cash and cash equivalents at the end of the period	**721,560**	1,068,804	752,475
Cash and cash equivalents			
Bank and cash balances	**921,306**	1,220,225	935,715
Bank overdrafts	**(199,746)**	(151,421)	(183,240)
Total	**721,560**	1,068,804	752,475

* Restated, refer to note 7 and represented

Other information

	Unaudited six months ended		Audited year ended
	30 Sep	30 Sep	**31 Mar**
	2019	2018*	2019
Net interest-bearing debt:equity ratio (excluding debt secured by investments)**	**52%**	46%	44%
Net interest-bearing debt:equity ratio (excluding right of use lease liabilities and debt secured by investments)***	**42%**	46%	44%
Total depreciation and amortisation (R'000)	**128,877**	68,731	139,480
Depreciation of property, plant and equipment (R'000)	**65,240**	56,355	118,417
Depreciation of right of use assets (R'000)	**51,161**	–	–
Amortisation of intangible assets (R'000)	**12,476**	12,376	21,063
Net asset value per ordinary share (cents)^	**4,210**	3,960	4,085
Tangible net asset value per ordinary share (cents)^^	**3,550**	3,298	3,417
Capital expenditure (R'000)	**119,597**	100,471	209,727
Capital commitment (R'000)	**12,510**	49,407	45,182

* Restated, refer to note 7.

** The net interest-bearing debt:equity ratio represents the proportion of the Group's net asset value which is financed by net interest bearing debt and is calculated as follows: (non-current portion of interest bearing debt+current portion of interest bearing debt-net cash on hand- debt secured by investments) / capital and reserves.

*** The net interest-bearing debt:equity ratio represents the proportion of the Group's net asset value which is financed by net interest bearing debt and is calculated as follows: (non-current portion of interest bearing debt+current portion of interest bearing debt-net cash on hand- debt secured by investments-non-current right of use liabilities-current right of use lease liabilities) / capital and reserves.

^ Net asset value per ordinary share represents the ordinary shareholders share in the net assets of the Group excluding those funded through preference share equity and is calculated as follows: (total assets-total liabilities-preference share equity) / number of issued ordinary shares.

^^ Tangible net asset value per ordinary share represents the ordinary shareholders share in the tangible net assets of the Group excluding those funded through preference share equity and is calculated as follows: (total assets-goodwill-other intangible assets-total liabilities-preference share equity) / number of issued ordinary shares.

Segment information

	Unaudited six months ended 30 September			
	Engineering Solutions	Capital Equipment	Corporate and inter-segment eliminations*	Total operations
	R'000	R'000	R'000	R'000
2019				
Segment revenue	**2,739,002**	**2,320,840**	**224,000**	**5,283,842**
Segment operating profit before interest on capital equipment financing transactions and foreign exchange movements	**225,321**	**148,371**	**11,160**	**384,852**
Segment assets	**4,235,234**	**4,831,137**	**2,896,370**	**11,962,741**
Segment liabilities	**1,967,735**	**2,051,803**	**2,625,727**	**6,645,265**
2018				
Segment revenue	2,563,725	2,516,832	203,634	5,284,191
Segment operating profit before interest on capital equipment financing transactions and foreign exchange movements**	207,776	187,191	13,491	408,458
Segment assets**	3,653,429	4,391,532	3,566,667	11,611,628
Segment liabilities**	1,209,481	1,746,803	3,608,571	6,564,855
	Year ended 31 March (Audited)			
2019				
Segment revenue	5,238,443	4,830,981	380,280	10,449,704
Segment operating profit before interest on capital equipment financing transactions and foreign exchange movements	342,061	373,581	(16,278)	699,364
Segment assets	3,694,574	4,419,505	3,158,123	11,272,202
Segment liabilities	1,439,742	1,650,763	2,999,641	6,090,146

** The Corporate segment is comprised of MacNeil Plastics and all the Group financing, investment, property and support service operations.*

*** Restated, refer to note 7.*

Notes to the financial information

1. Basis of preparation

The Group's condensed consolidated interim results have been prepared in accordance with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, presentation and disclosure as required by International Accounting Standard (IAS) 34 'Interim Financial reporting', the JSE Limited Listings Requirements and the requirements of the Companies Act 71 of 2008 of South Africa. The condensed consolidated results have been prepared on the historical cost basis, except for the fair valuing of financial instruments. The accounting policies applied in the preparation of the results are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the Group's previous consolidated annual financial statements except for the application of IFRS 16. All accounting policies effective for the 2020 financial year onwards were applied in the preparation of the Group results.

The interim financial results and any forward-looking statements in this announcement have not themselves been reviewed by the external auditors. The Board takes full responsibility for the preparation of this report and ensuring that the financial information has been correctly prepared.

2. Prepared by

These unaudited condensed consolidated results have been prepared under the supervision of Ms. Nazlee Rajmohamed CA (SA), the Group Financial Director.

3. Events after the reporting date

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

Notes to the financial information

4. Adoption of IFRS 16 leases

The Group has adopted IFRS16 'Leases' using the modified retrospective approach by recognizing the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 April 2019.

IFRS 16 has had a significant impact for the Group, given the number of branch properties, vehicles and equipment that are leased. IFRS 16 has had no impact on the accounting of existing finance leases. It has however impacted most leases that were previously recorded as operating leases under IAS 17, where only the rental charge was recorded in profit or loss. IFRS 16 now requires leases to be recognised in the Statement of Financial Position in the form of a capitalised right-of-use asset and corresponding liability. Changes to profit or loss result in rental costs being replaced by the depreciation of the right-of-use asset and lease finance costs on the liability. In applying IFRS 16 for the first time, the Group has used the following expedients permitted by the standard:

- Modified retrospective adoption – no comparatives required to be disclosed;
- Exemption of short-term leases and leases for which the underlying asset is of low value; and
- Portfolio approach applied to classes of leases that have similar characteristics.

The effect of the adoption IFRS 16 as at 1 April 2019 (increase/(decrease)) is as follows:

	1 April 2019
	R'000
Assets	
Right of use assets	458,711
Deferred tax asset	16,304
Total assets	**475,015**
Liabilities	
Right of use lease liability	554,254
Interest-bearing loan and borrowings *	(7,971)
Trade and other payables *	(4,853)
Total liabilities	**541,430**
Total adjustment on equity	
Retained earnings	(66,180)
Non-controlling interest	(235)
	(66,415)

* Lease smoothing liabilities

Notes to the financial information

5. Reconciliation of profit before taxation to cash generated from operations

	Unaudited six months ended		Audited year ended
	30 Sep	30 Sep	**31 Mar**
	2019	2018*	2019
	R'000	R'000	R'000
Profit before taxation	**314,092**	373,606	614,452
Adjusted for:			
Depreciation and amortisation	**128,878**	63,947	139,480
Impairment of investment is associate	**–**	–	2,849
Exchange difference on translating capitalised loans	**(1,527)**	(515)	3,979
Value recognised as a result of the derecognition of the put option on directors' loans	**–**	18,351	18,351
Lease receivables smoothing	**(948)**	–	–
Net profit on disposal of property, plant and equipment and profit on disposal of investment in subsidiary	**(562)**	5,706	(9,555)
Gain on bargain purchase price recognised	**–**	–	(10,377)
Finance costs	**161,137**	110,407	251,126
Interest and dividend received	**(68,231)**	(74,476)	(144,730)
Share of profits and dividend received from of associates and joint ventures	**(20,651)**	289	(32,132)
Distributable reserve recognised	**(9)**	–	–
Reversal of share-based compensation liability	**–**	–	(851)
Share-based compensation expenses	**2,443**	(2,242)	4,342
Cash generated before movements in working capital	**514,622**	495,073	836,934
Working capital changes	**3,502**	(396,473)	(291,872)
Increase in inventories	**(27,021)**	(297,418)	(298,211)
Decrease/(increase) in trade and other receivables	**5,486**	(521,147)	(101,418)
Increase in trade and other payables and provisions	**12,715**	427,083	100,744
Funds lent in respect of finance lease receivables	**(48,012)**	(35,492)	(73,608)
Payments received from finance lease receivables	**60,334**	–	–
Funding received in respect of finance lease liabilities	**–**	30,501	80,621
Cash generated from operations	**518,124**	98,600	545,062

* Restated, refer to note 7 and represented

Notes to the financial information

6. Fair value disclosure

The following is an analysis of the financial instruments that are measured subsequent to initial recognition at fair value. They are grouped into levels 1 to 3 based on the extent to which the fair value is observable.

The levels are classified as follows:

Level 1 – fair value is based on quoted prices in active markets for identical financial assets or liabilities
Level 2 – fair value is determined using directly observable inputs other than Level 1 inputs
Level 3 – fair value is determined on inputs not based on observable market data

	Unaudited six months ended 30 September				
	2019	Valuation technique(s) and key inputs	Level 1	Level 2	Level 3
Financial assets at fair value					
FirstRand Bank Bonds	**591,926**	**2**	**–**	**591,926**	**–**
Forward exchange contract asset	**22,909**	**2**	**–**	**22,909**	**–**
Financial liabilities at fair value					
Other financial liabilities	**79,890**	**3**	**–**	**–**	**79,890**
Foreign exchange contract liability	**136**	**2**	**–**	**136**	**–**

	Unaudited six months ended 30 September				
	2018	Valuation technique(s) and key inputs	Level 1	Level 2	Level 3
Financial assets at fair value					
FirstRand Bank Bonds	587,197	2	–	587,197	–
Forward exchange contract asset	13,372	2	–	13,372	–
Financial liabilities at fair value					
Other financial liabilities*	–	3	–	–	76,820
Foreign exchange contract liability	3,291	2	–	3,291	–

* Restated, refer to note 7.

	Audited year ended 31 March				
	2019	Valuation technique(s) and key inputs	Level 1	Level 2	Level 3
Financial assets at fair value					
FirstRand Bank Bonds	593,208	2	–	593,208	–
Forward exchange contract asset	8,127	2	–	8,127	–
Financial liabilities at fair value					
Other financial liabilities	79,890	3	–	–	79,890
Foreign exchange contract liability	9	2	–	9	–

Valuation technique(s) and key inputs:

1. Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
2. Quoted prices.
3. Expected settlement value.

There have been no transfers between the levels during the financial period disclosed.

Notes to the financial information

7. Restatement in order to correct material errors

We have re-considered our accounting with respect to the cancellation of distribution rights granted and related contracts, as well as the amortization period of other intangible assets. The reassessed accounting for the cancellation of distribution rights and related contracts was due to incorrect IFRS application relating to the recognition of current liabilities. These liabilities were previously considered to be discretionary and partly net accounted. Additionally, the Group's amortization policy was not applied correctly to the amortization of reacquired distribution rights taken over 15 years, and certain distribution agreements, trademarks, brands, and contractual and non-contractual customer relationships that were amortized over 10-27 years. The Group's accounting policy prescribes that the reacquired rights should be amortized over the remaining contract period, with distribution agreements, trademarks, brands, and contractual and non-contractual customer relationships amortized over 5-7 years. We have corrected the application of the amortization period for the Group's other intangible assets to be in line with management's estimation of expected useful lives of the intangible assets and the Group's accounting policy.

The errors have been corrected in accordance with "IAS8: Accounting policies, changes in accounting estimates and errors". There were no deferred tax implications. The correction to the accounting treatment is effective for the year ended 31 March 2019 and has been applied retrospectively. This has therefore resulted in a restatement of the comparative 2018 period.

The aggregate effect of the restatement for these periods is as follows:

	30 Sep		
	As previously reported	**Restatement adjustments**	**As restated**
2018	**R'000**	**R'000**	**R'000**
Statement of financial position			
Non-current assets			
Other intangible assets	171,000	(115,423)	55,577
Current assets			
Trade and other receivables	2,262,473	(14,555)	2,247,918
Capital and reserves			
Retained earnings	1,591,677	(210,597)	1,381,080
Foreign currency translation reserve	288,835	3,800	292,635
Current liabilities			
Current portion of financial liabilities	–	76,819	76,819
Statement of comprehensive income			
Operating profit before interest on financing transactions and foreign	403,268	5,190	408,458
Other note disclosure			
Basic earnings per share (cents)	8	5	13
Diluted earnings per share (cents)	8	5	13
Headline earnings per share (cents)	2	5	7
Diluted headline earnings per share (cents)	2	5	7
Business segment information			
Operating Profit before interest on financing transactions and foreign exchange movements			
Corporate and inter-segment eliminations	8,301	5,190	13,491
Segment assets			
Engineering Solutions	3,713,028	(59,599)	3,653,429
Capital Equipment	4,461,911	(70,379)	4,391,532
Segment liabilities			
Engineering Solutions	1,132,662	76,819	1,209,481

Preference share cash dividend

Notice is hereby given that the Directors of the Company have declared a gross cash dividend on 12 November 2019 of 484.34717 cents per preference share for the period from Tuesday, 4 June 2019 to Tuesday, 12 November 2019. Dividends are to be paid out of distributable reserves.

- Dividends tax “DT” of 20% will be withheld in terms of the Income Tax Act for those shareholders who are not exempt from the DT;
- Accordingly, shareholders who are not exempt from DT will receive a net dividend of 387.47774 cents per preference share;
- Invicta Holdings Limited has 7 500 000 preference shares in issue; and
- Invicta Holdings Limited's income tax reference number is 9400/012/03/6.

The salient dates for the preference share cash dividend will be as follows:

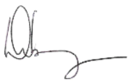
Last day of trade to receive a dividend	Tuesday, 3 December 2019
Shares commence trading “ex” dividend	Wednesday, 4 December 2019
Record date	Friday, 6 December 2019
Payment date	Monday, 9 December 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 December 2019 and Friday, 6 December 2019, both days inclusive.

Ordinary share cash dividend

In light of the tax settlement and the resultant higher debt levels in the Group, the board has resolved not to declare an interim dividend. It is anticipated that the normal dividend policy (of a total dividend cover ratio of 3.5 times at interim adjusted to 2.75 times at year-end) will be resumed once cash flow and debt levels permit.

By order of the board



L Dubery
Group company secretary

Cape Town
21 November 2019

Date of publication 25 November 2019

Administrative and corporate information

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Tel: 011 370 5000 www.computershare.com

Sponsor: Deloitte & Touche Sponsor Services Proprietary Limited, Deloitte Place, Building 8, The Woodlands, 20 Woodlands Drive, Woodmead, Johannesburg, 2196

Directors: Dr CH Wiese* (Chairman), A Goldstone (Chief Executive Officer), C Barnard, B Nichles*, GM Pelser, N Rajmohamed, DI Samuels^, LR Sherrell*, AM Sinclair, RA Wally^, Adv JD Wiese*

** Non-executive ^ Independent non-executive*

Group company secretary: L Dubery

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