INVICTA HOLDINGS LIMITED
Registration number: 1966/002182/06 | (Incorporated in the Republic of South Africa)
Share code: IVT | ISIN: ZAE000029773
Preference share code: IVTP | ISIN: ZAE000173399
("Invicta" or "the Group" or "the Company")

PRELIMINARY AUDITED SUMMARISED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2018

Financial highlights

The 31 March 2018 results disclosed below represent the total continuing operations.

Revenue
R9.6 billion
0%

Profit attributable to ordinary shareholders before specific tax provision*
R526 million
-23%

Operating profit before foreign exchange movements
R940 million
-11%

Headline earning per share before specific tax provision*
464 cents
-23%

Headline earnings per share after specific tax provision of R400 million
90 cents
-81%

*Pro forma

Revenue
(R billion)

MAR 2014	9.1
MAR 2015	8.8
MAR 2016	8.8
MAR 2017	9.6
MAR 2018	9.6

Total operating profit before foreign exchange movements
(R million)

MAR 2014	976
MAR 2015	927
MAR 2016*	783
MAR 2017	1051
MAR 2018	940

Earnings per share
(cents)

MAR 2014	Continuing operations	664
MAR 2015	Continuing operations	609
MAR 2016*	Continuing operations	374
MAR 2017	Continuing operations	325
	Specific tax provision	140
MAR 2018	Continuing operations	111
	Specific tax provision	374

Segment operating profit before foreign exchange movements
(R million)

MAR 2014	ESG	473
	CEG	484
MAR 2015	ESG	499
	CEG	457
MAR 2016*	ESG	406
	CEG	362
MAR 2017	ESG	480
	CEG	470
MAR 2018	ESG	479
	CEG	452

Net interest-bearing debt: equity
(%)

MAR 2014	37
MAR 2015	30
MAR 2016	34
MAR 2017	28
MAR 2018	27

Ordinary dividends paid
(cents)

MAR 2014	Dividend	287
MAR 2015	Dividend	196
	Special dividend	2024
MAR 2016	Dividend	142
MAR 2017	Dividend	167
MAR 2018	Dividend	119

*Restated

Executive review of our performance

Overview of the year

The Invicta Group has delivered satisfactory results for the year to 31 March 2018. The market conditions in the regions served by the Group were mixed - South Africa (77% of Revenue) had low economic growth, political uncertainty and low business confidence for the bulk of the financial year, whilst the rest of the world (23% of revenue) showed improved growth. Revenue from continuing operations was flat on last year at R9.6 billion.

Group performance

Continuing operations

The continuing operations comprise:

- ESG (Engineering Solutions Group) - distributor of engineering products (like 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 parts, including Kian Ann Engineering, which is based in Singapore.

Whilst revenue from continuing operations was flat, gross profit declined by 3.1% to R2.979 billion, reflecting the depressed conditions in which the Group trades in South Africa, viz; mining, agriculture, manufacturing and construction. Although costs were strictly controlled and increased by only 0.8%, the resultant operating profit before foreign exchange movements showed a decline of 10.6% from R1.051 billion to R940 million. (It should be noted that the prior year figure of R1.051 billion reflected an exceptional increase of 34% over FY 2016). Net foreign exchange costs increased by R30 million from R41 million to R71 million.

Profit before taxation from continuing operations decreased by 15% to R760 million.

Specific tax provision

- The board of Invicta has noted both stakeholder and market commentary over the potential tax consequences of certain transactions which Invicta entered into several years ago, and which were referred to by the Independent Auditors in their report on the 2017 Annual Financial Statements ('the transactions').
- Based upon advice received, the board is of the view that the transactions are tax compliant. However, the board is also of the view that the ongoing uncertainty is affecting the Group and hampering its ability to use equity to fund expansion, and therefore that a pragmatic solution which provides certainty is preferable to potentially protracted and costly litigation which would also require significant management time and result in material opportunity cost for the Group.
- The company therefore continues to negotiate with the South African Revenue Services (SARS) with a view to reaching agreement regarding the tax consequences of the transactions.
- Taking all the above considerations into account, the board has concluded that an amount of R400 million (2017: R150 million) is the best estimate of an additional provision, which amount has been raised in the Annual Financial Statements for the March 2018 financial year.
- Should agreement not be reached with SARS and, on the basis that it elects to issue revised assessments, the Group will defend its position fully.

The pro forma financial information indicated in the table further below has been prepared for illustrative purposes only to provide information on how the specific tax provision adjustment might have impacted on the continuing operations' financial performance of the Group for the year ended 31 March 2018 as if the adjustment had not taken place.

Because of its nature, the pro forma financial information may not be a fair reflection of the Group's results of operation, financial position, changes in equity or cash flows.

The underlying information used in the preparation of the pro forma financial information has been prepared using the accounting policies that comply with International Financial Reporting Standards. These are consistent with those applied in the Preliminary Audited Summarised Consolidated Results for the year ended 31 March 2018.

No other adjustments have been made to the pro forma financial information.

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements.

Deloitte & Touche have issued an unmodified report on the pro forma financial information, which report is available for inspection at the Company's registered office.

The effect of this on our summarised consolidated statement of profit or loss and other comprehensive income is as follows:

			31 March	
		%	2018	2017
	Note	Change	R'000	R'000

Profit before taxation from continuing operations	1	(15)	759 919	897 049
Current taxation	2		(136 351)	(171 747)
Profit after current taxation from continuing operations, before specific taxation provision		(14)	623 568	725 302
Profit for the year from discontinued operations	1		7 697	36 505
Profit for the year, before specific tax provision		(17)	631 265	761 807
Profit attributable to non-controlling interest	1		(20 993)	3 932
Profit attributable to preference shareholders	1		(84 057)	(82 435)
Profit attributable to owners of the Company, before specific tax provision		(23)	526 215	683 304
Specific taxation provision	3		(400 000)	(150 000)
Profit attributable to owners of the Company	1	(76)	126 215	533 304
Shares in issue ('000)			106 953	106 953
Headline earnings per share from continuing operations, before specific tax provision (cents)	4	(23)	464	606
Specific tax provision (cents)			(374)	(140)
Headline earnings per share from continuing operations, after specific tax provision (cents)		(81)	90	466

Notes:
1. As per the summarised consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018.
2. Current taxation charge excluding the specific taxation provision.
3. Being the specific taxation provision as explained in this announcement.
4. Per share calculation is based on adjusted profit.

Discontinued operations

The Group disposed of its building supply business (BSG) on 30 September 2017. The Group still holds the MacNeil Plastics business (which manufactures specific ranges of plastic piping) as an asset which it intends selling. The discontinued profits for the current year include MacNeil Plastics for the full year and BSG for half a year, whilst the comparative includes them both for a full year.

Statement of financial position information

The Group settled its material financial debts and released certain financial investments during the year. The settlement resulted in a non-recurring loss of R20 million which has been included in Selling, Administration and Distribution costs.

Inventories have increased in the period under review. This was a result of management's decision to acquire specific stock ranges in advance of commodity and tariff increases, as well as to ensure stock availability from BMG World while the new systems and physical stock were being implemented and moved. This is expected to reverse in the coming financial year.

ESG

ESG's revenue of R4.6 billion was 2% below last year, largely as a result of challenging trading conditions in South Africa. The division did well to keep its operating profit before foreign exchange movements only R1 million (0.2%) below last year at R478 million. Most of the industries serviced by ESG have struggled, which is evidenced by the muted, but solid results. The resizing of the business through cost saving initiatives and the "Simplify for Success" program will continue into the new year and are expected to bear fruits in the coming year.

The only acquisition undertaken during the year was that of the Fenner Beltings Sales and Marketing business, which was effective 1 February 2018. It did not have a material impact on the results under review. It is, however, expected to make an important contribution to both revenue and profitability in the year ahead.

On 3 May 2018 the Group announced the purchase of the Forge Industrial Group. It comprises of tools and related products (Toolquip and Allied), machining tools (F and H Machine Tools) and industrial conveyer belting and related components (Belt Brokers). It operates through 11 branches countrywide including 3 distribution centres in Gauteng. The acquisition will be completed after the fulfilment of certain conditions precedent, including Competition Commission approval.

CEG

CEG improved revenue by 2.4% despite relinquishing the New Holland Agricultural Equipment agency in May 2017. The results from CEG's South African businesses declined due to challenging conditions in agricultural machinery and construction machinery markets, whilst the non - South African results improved as global economic conditions improved.

The gross profit percentage of CEG declined in line with prevailing market conditions in South Africa. CEG's operating profit before foreign exchange movements declined by 3.8%, but a focused effort by the division resulted in good cash generation.

CEG is well structured to take advantage of any improvement in market conditions and is actively seeking suitable acquisitions. On 2 January 2018, the Shamrock business was acquired by CEG. Shamrock supplies and services forklifts and machines of the highest quality in niche markets with quality brands "Moffett", "Combilift", "Agrimac", "Innolift" and "Multi Sweep".

Strategic focus and prospects

The Group continues to focus on improving efficiencies and processes in its existing operations.

An overall improvement in world commodity prices and market conditions in the coming year are expected to add momentum to the Group's performance.

The process of internationalising the Group in order for it to be able to list offshore is on track for conclusion by the end of the new financial year. To remind stakeholders, the rationale for this is to enable Invicta to eventually list on an international stock exchange in addition to its current listing on the JSE. The listing on an international stock exchange will provide improved access to international funding for debt and/or equity, as the Group looks to expand its international footprint in a measured and focused approach.

The Group continues to seek and will evaluate any suitable acquisition opportunities that arise.

Any forward looking statement in this announcement has not been reviewed or reported on by the Company's auditors.

Changes to the board and board committees

The Group company secretary and legal advisor, Grace Chemaly resigned effective 27 September 2017 and was replaced by Lize Dubery effective 1 January 2018.

Dividend policy

The board further advises that it will be proposing to pay a 50 cent dividend to ordinary shareholders instead of applying the normal dividend policy of a total dividend cover ratio of 3.5 times at interim results adjusted to 2.75 times at year-end.

Appreciation

The board is once again highly appreciative to the executive management, the respective management teams of our businesses and most importantly all the staff, for the excellent commitment and performance in what can only be described as difficult and uncertain economic times.

The board is confident that, with the strengths the Group possesses and the strategic plans, the Group will continue to deliver sustainable value to all stakeholders going forward.

Independent auditor's report on summarised consolidated financial statements

To the shareholders of Invicta Holdings Limited

Opinion

The summarised consolidated financial statements of Invicta Holdings Limited, which comprise the summarised consolidated statement of financial position as at 31 March 2018, the summarised consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Invicta Holdings Limited for the year ended 31 March 2018.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Invicta Holdings Limited, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 'Basis of Preparation' to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to the annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Invicta Holdings Limited and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 14 June 2018. That report also includes:

- The communication of other key audit matters as reported in the auditor's report of the audited financial statements.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 'Basis of Preparation' to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with the International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte & Touche
Registered Auditors
Per: Thega Marriday
Partner
15 June 2018

Buildings 1 and 2
Deloitte Place
The Woodlands
Woodlands Drive
Woodmead Sandton
2052

Summarised consolidated statement of profit or loss and other comprehensive income

		31 March	
	% change	2018 R'000	2017 R'000
Continuing operations			
Revenue	0	9 639 807	9 631 811
Gross profit		2 979 073	3 073 847
Operating profit before foreign exchange movements	(11)	940 275	1 051 178
Net foreign exchange cost		(71 421)	(40 748)
Operating profit	(14)	868 854	1 010 430
Interest received and dividends received from financial investments		824 563	771 942
Interest paid		(947 091)	(889 429)
Share of profits of associates		13 593	4 106
Profit before taxation from continuing operations	(15)	759 919	897 049
Taxation		(536 351)	(321 747)
Profit for the year from continuing operations	(61)	223 568	575 302
Discontinued operations			
Profit for the year from discontinued operations	(79)	7 697	36 505
Profit for the year		231 265	611 807
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating capitalised loans		(2 923)	(10 788)
Exchange differences on translating foreign operations		(69 058)	(82 482)
Total comprehensive income for the year		159 284	518 537
Profit attributable to:			
Owners of the company		126 215	533 304
Non-controlling interest		20 993	(3 932)
Preference shareholders		84 057	82 435
		231 265	611 807
Total comprehensive income attributable to:			

Owners of the company		55 833	447 004
Non-controlling interest		19 394	(10 902)
Preference shareholders		84 057	82 435
		159 284	518 537
Earnings per share from continuing operations (cents)	(76)	111	465
Earnings per share (cents)	(76)	118	499
Diluted earnings per share (cents)	(76)	118	499

Summarised consolidated headline earnings and earnings per share

	% change	31 March 2018 R'000	31 March 2017 R'000
Determination of headline earnings			
Attributable earnings		126 215	533 304
Adjustments			
- Headline earnings per share adjustments on discontinued operations		-	(578)
- Gain from bargain purchase price recognised		-	(235)
- Impairment of property, plant and equipment		-	3 517
- (Profit)/Loss on disposal of investments		(24 440)	5 286
- Profit on disposal of other assets		(326)	(231)
- Net profit on disposal of property, plant and equipment		(13 335)	(11 355)
- Impairment of goodwill		4 767	-
- (Reversal)/Impairment of loans		-	3 089
Total adjustments before taxation and non-controlling interest		(33 334)	(507)
Taxation		11 532	1 456
Non-controlling interest		-	307
Total adjustments		(21 802)	1 256
Headline earnings		104 413	534 560
Headline earnings per share from continuing operations (cents)		90	466
Headline earnings and diluted headline earnings per share (cents)		98	500
Shares in issue			
Weighted average ('000)		106 953	106 953
At the end of the period ('000)		108 495	108 495
Number of shares used for diluted earnings per share ('000)		106 953	106 953
Headline earnings per share (cents)	(80)	98	500
Earnings per share (cents)	(76)	118	499
Dividends per share* (cents)		119	167
- Interim	(4)	69	72
- Final	(47)	50	95

* In accordance with IAS10 (Events After The Reporting Period), the final dividend of 50 cents per share proposed by the directors has not been reflected in the final results as it had not been declared at the year-end.

Summarised consolidated condensed statement of financial position

	31 March 2018 R'000	31 March 2017 R'000
ASSETS		
Non-current assets	2 928 453	8 167 232
Property, plant and equipment	1 720 797	1 640 530
Financial investments and investment in associates	119 184	2 085 253
Goodwill and other intangible assets	835 624	776 075
Financial assets, finance lease and long-term receivables	52 979	3 484 113
Deferred taxation	199 869	181 261
Current assets	7 228 414	7 024 693
Inventories	3 917 689	3 662 856
Trade and other receivables	1 620 016	1 541 960
Current portion of financial investments, finance leases and long-term receivables	648 138	751 247
Taxation prepaid	25 236	16 113
Bank and cash balances	1 017 335	1 052 517
Assets classified as held for sale	157 978	1 073 053
Total assets	10 314 845	16 264 978
EQUITY AND LIABILITIES		

Capital and reserves	5 089 771	5 268 111
Equity attributable to the equity holders	4 990 298	5 116 027
Non-controlling interest	99 473	152 084
Non-current liabilities	1 685 318	6 892 355
Long-term borrowings and financial liabilities	1 647 231	6 857 313
Deferred taxation	38 087	35 042
Current liabilities	3 422 064	3 432 390
Trade, other payables and provisions	1 862 731	2 136 640
Share appreciation rights liability	851	5 443
Taxation liabilities	583 170	170 052
Shareholders for dividends	48 995	49 593
Current portion of long-term borrowings	755 900	864 211
Bank overdrafts	170 417	206 451
Liabilities associated with assets held for sale	117 692	672 122
Total liabilities	5 225 074	10 996 867
Total equity and liabilities	10 314 845	16 264 978

Summarised consolidated statement of changes in equity

	31 March	
	2018	2017
	R'000	R'000
Share capital, share premium and preference share capital		
Share capital	5 424	5 424
Share premium	2 653 151	2 653 151
Treasury shares - Balance at the beginning of the year	(68 057)	(85 011)
Treasury shares - Movement for the year	-	16 954
Treasury shares - Balance at the end of the year	(68 057)	(68 057)
Preference shares	750 000	750 000
Retained earnings		
Balance at the beginning of the year	1 730 052	1 358 685
Total comprehensive income	210 272	604 951
Transfer from non-distributable and other reserve movements	(42 269)	7 879
Ordinary and preference dividends paid	(262 279)	(241 463)
Balance at the end of the year	1 635 776	1 730 052
Other reserves		
Balance at the beginning of the year	45 457	174 423
Share appreciation rights issued	2 031	-
Non-controlling interest arising on acquisitions and purchases of non-controlling interests	(5 976)	(41 944)
Other reserve movements	42 874	(11 510)
Translation of foreign operations	(70 382)	(75 512)
Balance at the end of the year	14 004	45 457
Attributable to equity shareholders	4 990 298	5 116 027
Non-controlling interest		
Balance at the beginning of the year	152 084	183 310
Total comprehensive income	19 394	18 686
Transfer from non-distributable and other reserve movements	-	(3 146)
Non-controlling interest arising on acquisitions and purchases of non-controlling interests	10 232	(37 719)
Disposal of subsidiary	(81 567)	-
Ordinary and preference dividends paid	(670)	(9 047)
Balance at the end of the year	99 473	152 084

Summarised consolidated statement of cash flows

	31 March	
	2018	2017
	R'000	R'000
Cash flows from operating activities		
Cash generated from operations	427 531	1 347 957
Finance costs	(977 487)	(879 612)
Dividends paid to Group shareholders and non-controlling interest	(263 547)	(244 239)
Taxation paid	(163 206)	(188 896)
Interest and dividends received	841 799	736 798

Net cash inflow/(outflow) from operating activities	(134 910)	772 008
Cash flows from investing activities		
Proceeds on sale of property, plant and equipment and other intangible assets	51 265	95 858
Additions to property, plant and equipment	(258 938)	(435 201)
Additions to intangible assets	(26 617)	(16 820)
Acquisition of subsidiaries and associates	(99 484)	(141 912)
Proceeds on sale on subsidiaries	503 776	9 240
Net increase in long-term receivables and finance lease receivables	(421 924)	(404 726)
Net increase in financial investments	(212 731)	(192 081)
Net decrease/(increase) in current portion of financial investments and long-term and finance lease receivables	103 109	(140 641)
Net cash outflow from investing activities	(361 544)	(1 226 283)
Cash flows from financing activities		
Increase in long-term borrowings	844 594	733 843
Net cash outflow on financial transaction	(5 129)	-
Non-controlling interest arising on issue of shares	12 201	-
Decrease in current portion of long-term borrowings and financial liabilities	(172 183)	(62 946)
Acquisition of non-controlling interest	(6 453)	(46 317)
Net cash inflow from financing activities	673 030	624 580
Net increase in cash and cash equivalents	176 576	170 305
Cash and cash equivalents at the beginning of the year	701 081	556 134
Effect of foreign exchange rate movement on cash balance	(19 555)	(25 358)
Cash and cash equivalents at the end of the year	858 102	701 081
Cash and cash equivalents		
Bank and cash balances	1 017 335	1 052 517
Bank overdrafts	(170 417)	(206 451)
Cash and cash equivalents of continuing operations	846 918	846 066
Cash and cash equivalents classified as available for sale	11 184	(144 985)
Total	858 102	701 081

Other information

	31 March 2018	31 March 2017
Net interest-bearing debt:equity ratio (excluding long-term debt secured by investments and loans) (%)	27%	28%
Depreciation and amortisation (R'000)	141 137	138 138
Net asset value per share (cents)	4 691	4 715
Tangible net asset value per share (cents)	3 921	4 000
Capital expenditure (R'000)	258 938	435 201
Capital commitment (R'000)	20 568	189 640

Segment information

31 March	Engineering Solutions R'000	Capital Equipment R'000	Other R'000	Total continuing operations R'000	Discontinued Operations R'000	Total operations R'000
2018						
Segment revenue	4 558 638	5 073 506	7 663	9 639 807	1 103 730	10 743 537
Segment operating profit before foreign exchange movements	478 700	451 746	9 829	940 275	19 898	960 173
Segment assets	3 135 526	3 846 958	3 174 383	10 156 867	157 978	10 314 845
Segment liabilities	814 839	1 437 370	2 855 173	5 107 382	117 692	5 225 074
2017						
Segment revenue	4 665 157	4 954 925	11 729	9 631 811	1 896 062	11 527 873
Segment operating profit before foreign exchange movements	479 762	469 813	101 603	1 051 178	108 264	1 159 442
Segment assets	2 758 272	4 085 804	8 347 849	15 191 925	1 073 053	16 264 978
Segment liabilities	719 727	1 779 389	7 825 629	10 324 745	672 122	10 996 867

*Other includes all group, financing and other operations.

Notes to the preliminary audited summarised consolidated results

Basis of preparation

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements.

Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the unmodified ISA 810 and ISA 700 audit reports together with the consolidated financial statements and financial information from the Company's registered office.

Prepared by

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

Reconciliation of profit before taxation to cash generated from operations

	31 March	
	2018	2017
	R'000	R'000
Profit before taxation	767 650	980 964
Adjusted for:		
Depreciation and amortisation	141 137	138 138
Impairment of assets	4 767	6 606
Net profit on disposal of assets	(37 707)	(6 300)
Loss on realisation of financial transaction	20 002	-
Finance costs	977 487	879 612
Interest and dividend received	(841 799)	(736 798)
Net share of profits of associate	(13 657)	(7 242)
Other non-cash items	(4 957)	(4 538)
Cash generated before movements in working capital	1 012 923	1 250 442
Working capital changes:	(585 392)	97 515
(Increase)/decrease in inventories	(266 303)	5 404
(Increase)/decrease in trade and other receivables	(146 943)	72 580
(Decrease)/increase in trade and other payables and provisions	(172 146)	19 531
Cash generated from operations	427 531	1 347 957

Acquisitions of subsidiaries and businesses

The significant acquisitions undertaken in the current year consist of the Long-term distribution agreement with Fenner and ECS service operations and related assets (Fenner business) on 1 February 2018 and 100% acquisition of Shamrock Handling Concepts Proprietary Limited (Shamrock) on 2 January 2018. The Group acquired control of the Fenner business and control over Shamrock by purchasing all of its issued share capital.

	31 March	
	2018	2017
A summary of the financial impact of the acquisitions is disclosed below:	R'000	R'000
Fair value of net assets acquired:		
Non-current assets	38 763	44 696
Current assets	29 736	100 149
Non-current liabilities	(14 800)	(24 673)
Current liabilities	(6 914)	(55 866)
Net tangible asset value	46 785	64 306
Non-controlling interest *	-	(25 797)
Fair value of net assets acquired	46 785	38 509
Bank and cash	187	1 162
Net fair value of net assets acquired	46 972	39 671

Cash outflow on acquisitions	99 484	42 020
Fair value of associate investment previously held	-	20 943
Fair value of net assets acquired	(46 972)	(39 671)
Total goodwill	52 512	23 527
Total gain from bargain purchase price	-	(235)

* Measured based on the net asset value of the aquiree at the acquisition date.

Disposal of subsidiaries

On 30 September 2017, the Group disposed of the Building Supply Group Proprietary Limited and its subsidiaries ("BSG") to Steinhoff Doors and Building Materials Proprietary Limited, which is considered a related party in terms of IAS 24 - Related party disclosures.

	31 March 2018 R'000
A summary of the financial impact of the disposal is disclosed below:	
Fair value of net assets disposed of:	
Non-current assets	182 398
Current assets	819 645
Non-current Liabilities	(66 910)
Current Liabilities	(551 500)
Non-controlling interest	(81 567)
Fair value of net assets disposed of	302 066
Bank and cash	177 270
Fair value of net assets disposed of excluding bank and cash	479 336
Cash inflow from disposals	503 776
Total profit on disposal of subsidiary	24 440

The proceeds are based on an enterprise value of R645 million, with a potential further adjustment to the proceeds of up to 60% of R84 million, up or downside, based on the EBITDA of BSG for the financial year ending 30 September 2018.

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

	31 March 2018	Valuation technique(s) and key inputs	Level 1	Level 2	Level 3
Financial assets at fair value					
FirstRand Bank Bonds	588 241	2	588 241	-	-
Forward exchange contract asset	144	1	144	-	-
Financial liabilities at fair value					
Foreign trade payables	998 139	3	-	998 139	-
Foreign exchange contract liability	31 112	1	31 112	-	-

	31 March 2017	Valuation technique(s) and key inputs	Level 1	Level 2	Level 3
Financial assets at fair value					
FirstRand Bank Bonds	709 094	2	709 094	-	-
Forward exchange contract asset	677	1	677	-	-
Financial liabilities at fair value					
Foreign trade payables	1 089 685	3	-	1 089 685	-
Foreign exchange contract liability	18 625	1	18 625	-	-

Valuation technique(s) and key inputs:

1. Discounted contractual stream of payments using the zero swap curve at the valuation date.
2. Expected settlement value.
3. Determined by the spot rate at year-end.

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

Events after the reporting date

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

Preference share cash dividend

Notice is hereby given that the Directors of the Company have declared a gross cash dividend on 4 June 2018 of 634.06798 cents (12 June 2017:698.35) per preference share for the period from Tuesday, 7 November 2017 to Monday, 4 June 2018. 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 507.25438 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, 26 June 2018
Shares commence trading "ex" dividend	Wednesday, 27 June 2018
Record date	Friday, 29 June 2018
Payment date	Monday, 2 July 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 27 June 2018 and Friday, 29 June 2018, both days inclusive.

Ordinary share cash dividend

Notice is hereby given that the Directors of the Company have declared a gross cash dividend of 50 cents per ordinary share for the year ended 31 March 2018. Dividends are to be paid out of distributable reserves. Dividend tax (DT) of 20% will be withheld in terms of the Income Tax Act for those shareholders who are not exempt from DT. In accordance with paragraphs 11.17(1)(i) and 11.17(c) of the JSE Listings Requirements, the following additional information is disclosed:

- The gross local dividend amount is 50 cents per ordinary share for shareholders exempt from the Dividend Tax;
- The net local dividend amount is 40 cents per ordinary share for shareholders liable to pay the Dividend Tax;
- Invicta Holdings Limited has 108 494 738 ordinary shares in issue (which includes 1 541 823 treasury shares); and
- Invicta Holdings Limited's income tax reference number is 9400/012/03/06.

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

Last day of trade to receive a dividend	Tuesday, 24 July 2018
Shares commence trading "ex" dividend	Wednesday, 25 July 2018
Record date	Friday, 27 July 2018
Payment date	Monday, 30 July 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 25 July 2018 and Friday, 27 July 2018, both days inclusive.

By order of the board

L Dubery
Group company secretary

Cape Town
14 June 2018

Company information

Registered office: Invicta Holdings Limited, 3rd Floor, Pepkor House, 36 Stellenberg Road, Parow Industria, 7493.
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Transfer secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196. PO Box 61051, Marshalltown, 2107
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, 2128

Directors: Dr CH Wiese* (Chairman), A Goldstone (Chief Executive Officer), C Barnard, R Naidoo^, B Nichles*, GM Pelser, DI Samuels^, LR Sherrell*, AM Sinclair, RA Wally^, Adv JD Wiese*
* Non-executive ^ Independent non-executive

Group company secretary: L Dubery