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

PROVISIONAL REVIEWED CONDENSED CONSOLIDATED RESULTS 2019

Financial highlights

The 31 March 2019 results disclosed below represent the total continuing operations:

Revenue*
R10.4 billion
Up 5%

Profit attributable to ordinary shareholders**
R135 million
Up 61%

Profit for the year**
R229 million
Up 21%

Headline earnings per share**
112 cents
Up 93%

*Re-presented
** Re-presented and restated
***Restated

Executive review of our performance

Overview of the year

This has been one of the toughest years on record for the Group. Almost every sector served by the Group in South Africa (from which the Group derives about 76% of its revenue), has been under severe economic pressure. The generally poor economic conditions in South Africa, and months of uncertainty leading up to a general election in May 2019, contributed to a general decline in demand for products across our product range.

It is therefore most pleasing to report that revenue for the Group increased by 5% to R10.450 billion. A number of acquisitions were made during the year, which contributed R254 million to revenue. The challenging trading conditions resulted in a decline in gross margin, whilst overheads increased due to take-on and rationalisation costs of acquisitions and once-off costs of right sizing some existing underperforming businesses. As a result, operating profit declined from R839 million to R690 million.

The tax dispute with SARS was settled for R750 million during the year and has been fully provided for in the accounts, of which R550 million was provided in prior years and R200 million in this year. R450 million of the settlement has been paid to SARS to date and the balance is payable over the next 4 years.

Group performance

The operations comprise:

- ESG (Engineering Solutions Group) - distributor of engineering products (bearings, belts, tools, electric motors, hydraulics), 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.

Profit for the year grew by 21% to R229 million with basic earnings per share up 62% and headline earnings per share up 93%. The interest received/paid and dividends received from financial investments have reduced substantially in the year under review due to the settlement of financial transactions.

The Group has reassessed the accounting treatment of the repurchase of agency distribution rights agreements within the ESG operations and the amortization of intangible assets primarily related to these rights. This has resulted in the restatement of financial information in the prior periods. The comparative financial information has accordingly been restated and is detailed in the relevant notes to the financial statements.

ESG

Revenue grew by 15% to R5.238 billion, of which R254 million came from acquisitions during the year. Trading conditions were challenging, with the significant sectors which are serviced by ESG (mining, manufacturing, agriculture, general industry, construction) all experiencing headwinds during the year. These market conditions presented good acquisition opportunities, which ESG took advantage of. The acquisition of the Forge Industrial Group, which operates mainly in the Tool and Belting sectors of the economy, and the Driveshafts Parts business, operating in South Africa and Poland in the replacement drive shaft parts sectors, were concluded during the year. A total investment of R331 million was made in these businesses. The tool business was amalgamated with ESG's Mandirk (tool) business, but major restructuring was required to turn the business around. The turnaround strategy has, unfortunately, taken longer than expected to implement, but the combined tool business is expected to be profitable during the first quarter of the new financial year. The other core businesses in ESG have grown and the first phase of the consolidation and rationalisation of the logistics operations at BMG World are finally being completed and bedded down.

CEG

CEG revenue declined by 5% to R4.831 billion largely due to an overall decline in demand. The sectors serviced by CEG - agricultural machinery, construction machinery and the forklift sector - all experienced a significant decline in unit sales and gross margin in South Africa, due to the prevailing market conditions. CEG's focus on annuity type business gave it protection and the improved contribution from Kian Ann Engineering Group (based in Singapore) helped CEG to limit its decline in segment operating profit before interest on financing transactions and foreign exchange movements to 17%. CEG has managed to maintain its market shares in South Africa and has once again managed to contain costs and generate cash.

Strategic focus and prospects

Trading conditions have settled since the elections in May 2019, but they still remain challenging. Management expects the coming year to be more positive than the year under review, but anticipates a slow return to growth. Management will focus on bedding down acquisitions, prioritising cash generation and return on equity.

Changes to the board and board committees

Ms. N Rajmohamed was appointed as the Group Financial Director effective 1 July 2018. Mr. LR Sherrell was appointed to the audit committee on a temporary basis with effect from 16 November 2018. The board is in the process of appointing a new independent non-executive director to serve on the audit committee, which will bring its composition back in line with the recommendations of King IV. Ms. R Naidoo resigned effective 25 September 2018 as an independent non-executive director. There have been no further changes to the board or the membership of its committees.

Dividend policy

In light of the tax settlement and the resultant higher gearing in the group, the board has resolved not to declare a final dividend. It is anticipated that 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) will be resumed once cash flows and gearing permit.

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.

Approval

The provisional reviewed condensed consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the directors on 23 June 2019.

On behalf of the board

Arnold Goldstone
Chief Executive Officer

Nazlee Rajmohamed
Group Financial Director

Condensed consolidated statement of profit or loss and other comprehensive income

	% change	31 March 2019 R'000	31 March 2018* R'000
Continuing operations			
Revenue	5	10,449,704	9,994,103
Gross profit		2,987,824	3,041,222
Operating profit before interest on financing transactions and foreign exchange movements	(23)	699,364	905,220
Interest received from financing transactions		16,158	11,335
Finance costs on financing transactions		(8,315)	(6,502)
Net foreign exchange cost		(17,317)	(71,421)
Operating profit	(18)	689,890	838,632
Interest received and dividends received from financial investments		128,572	813,253
Finance costs		(242,811)	(941,267)
Equity accounted earning from investment in associates		27,171	13,593
Equity accounted earning from investment in joint ventures		11,630	-
Profit before taxation from continuing operations	(15)	614,452	724,211
Taxation		(385,838)	(535,623)
Profit for the year from continuing operations	21	228,614	188,588
Discontinued operations			
Profit for the year from discontinued operations	-	-	-
Profit for the year		228,614	188,588
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of equity loans**		3,979	(2,923)
Exchange differences on translation of foreign operations		238,455	(65,122)
Changes in the fair value of financial investments		5,927	-
Total comprehensive income for the year		476,975	120,543
Profit attributable to:			
Owners of the Company		134,555	83,538
Non-controlling interest		11,195	20,993
Preference shareholders		82,864	84,057
		228,614	188,588
Total comprehensive income attributable to:			
Owners of the Company		377,982	17,092
Non-controlling interest		16,129	19,394
Preference shareholders		82,864	84,057
		476,975	120,543

* Prior year restated and re-presented to account for discontinued operations, refer to the restatement note 8 and representation of discontinued operations note 9 disclosed.
** The equity loans form part of the net investment in foreign subsidiaries.

	% change	2019	2018*
Basic earnings per share (cents)	62	126	78
Diluted earnings per share (cents)	62	126	78

Condensed consolidated headline earnings and earnings per share

31 March

Earnings per share (cents)	2019	2018*
Basic earnings per share	126	78
Diluted basic earnings per share	126	78
Headline earnings per share	112	58
Diluted headline earnings per share	112	58
Ordinary shares ('000)		
In issue	108,495	108,495
Weighted average	106,953	106,953
Diluted weighted average	106,953	106,953

The 1 517 704 share options issued to executive directors have been assessed and are considered to be non-dilutive, as the options are currently 'out of the money'.

	31 March	
	2019	2018*
Headline earning per share	R'000	R'000
Earnings		
Profit from continuing operations attributable to owners of the Company	134,555	83,538
Adjusted for: Profit/(loss) for the year from discontinued operations	-	-
Profit for the year attributable to owners of the Company	134,555	83,538
Headline adjustments		
Adjustments for:		
Gain from bargain purchase price recognised	(10,377)	-
Net profit on disposal of property, plant and equipment	(7,285)	(13,335)
Taxation on disposal of property, plant and equipment	1,786	3,239
Profit on disposal of investment	(2,270)	(24,440)
Taxation on disposal of investment	-	8,202
Impairment of investment in associate	2,849	-
Profit on disposal of other assets	-	(326)
Taxation on disposal of other assets	-	91
Impairment of goodwill	-	4,767
Headline earnings from continuing operations	119,258	61,736
Headline adjustments from discontinued operations	-	-
Headline earnings	119,258	61,736

* Prior year restated and re-presented to account for discontinued operations, refer to the restatement note 8 and representation of discontinued operations note 9 disclosed.

Condensed consolidated statement of financial position

		31 March	
	2019	2018*	2017*
	R'000	R'000	R'000
ASSETS			
Non-current assets	3,193,159	2,807,755	8,067,817
Property, plant and equipment	1,942,332	1,720,797	1,640,530
Investment in associates and joint ventures	216,167	119,180	103,448
Financial investments	958	4	1,981,805
Goodwill	662,927	660,844	615,354
Other intangible assets	62,241	54,082	61,306
Other financial assets	99,506	52,979	3,484,113
Deferred taxation	209,028	199,869	181,261
Current assets	8,079,043	7,213,859	7,010,138
Inventories	4,543,864	3,917,689	3,662,856
Trade and other receivables	1,890,432	1,605,461	1,527,405
Current portion of financial assets	679,699	648,138	751,247
Taxation	29,333	25,236	16,113
Bank and cash balances	935,715	1,017,335	1,052,517

Assets classified as held for sale	-	157,978	1,073,053
Total assets	11,272,202	10,179,592	16,151,008
EQUITY AND LIABILITIES			
Capital and reserves	5,182,056	4,877,699	5,094,780
Equity attributable to the equity holders	5,060,541	4,778,226	4,942,696
Non-controlling interest	121,515	99,473	152,084
Non-current liabilities	2,620,353	1,685,318	6,892,355
Long-term borrowings and financial liabilities	2,271,858	1,609,811	6,813,650
Finance lease liabilities	95,377	37,420	43,663
Long-term taxation liabilities	200,000	-	-
Deferred taxation	53,118	38,087	35,042
Current liabilities	3,469,793	3,498,883	3,491,751
Trade, other payables and provisions	2,119,751	1,862,731	2,136,640
Share appreciation rights liability	-	851	5,443
Taxation liabilities	158,621	583,170	170,052
Shareholders for dividends	47,263	48,995	49,593
Current portion of long-term borrowings	812,241	709,777	813,964
Current portion of finance lease liabilities	68,787	46,123	50,247
Other financial liabilities	79,890	76,819	59,361
Bank overdrafts	183,240	170,417	206,451
Liabilities associated with assets held for sale	-	117,692	672,122
Total liabilities	6,090,146	5,301,893	11,056,228
Total equity and liabilities	11,272,202	10,179,592	16,151,008

* Restated, refer to note 8.

Condensed consolidated statement of changes in equity

	31 March	
	2019	2018
	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)	(68,057)
Treasury shares - Movement for the year	18,651	-
Treasury shares - Balance at the end of the year	(49,406)	(68,057)
Preference shares	750,000	750,000
Retained earnings		
Balance at the beginning of the year*	1,419,989	1,556,942
Total comprehensive income*	223,346	167,595
Transfers between reserves and other reserve movements	(15,112)	(42,269)
Effect of adoption of new accounting standards (IFRS 9)	(5,589)	-
Ordinary and preference dividends paid	(192,384)	(262,279)
Balance at the end of the year*	1,430,250	1,419,989
Foreign currency translation reserve		
Balance at the beginning of the year*	117,114	183,560
Total comprehensive income*	237,500	(66,446)
Balance at the end of the year*	354,614	117,114
Other reserves		
Balance at the beginning of the year	(99,395)	(138,324)
Share appreciation rights issued	4,342	2,031
Non-controlling interest arising on issue of additional share capital and purchases of non-controlling interests	330	(5,976)
Transfers between reserves and other reserve movements	11,231	42,874
Balance at the end of the year	(83,492)	(99,395)
Attributable to equity shareholders	5,060,541	4,778,226
Non-controlling interest		

Balance at the beginning of the year	99,473	152,084
Total comprehensive income	16,129	19,394
Transfers between reserves and other reserve movements	3,881	-
Non-controlling interest arising on issue of additional share capital and purchases of non-controlling interests	4,277	10,232
Disposal of subsidiary	-	(81,567)
Ordinary dividend paid	(2,245)	(670)
Balance at the end of the year	121,515	99,473
Total equity	5,182,056	4,877,699

* 2018 restated, refer to note 8.

Condensed consolidated statement of cash flows

		31 March	
		2019	2018*
	Notes	R'000	R'000
Cash flows from operating activities			
Cash generated from operations	5	545,063	427,974
Finance costs		(251,126)	(977,487)
Dividends paid to Group shareholders and non-controlling interest		(196,361)	(263,547)
Taxation paid	6	(612,977)	(163,206)
Interest and dividends received		144,730	841,799
Net cash outflow from operating activities		(370,671)	(134,467)
Cash flows from investing activities			
Proceeds on sale of property, plant and equipment and other intangible assets		66,553	51,265
Additions to property, plant and equipment		(209,727)	(258,938)
Additions to intangible assets		(23,158)	(44,518)
Acquisition of subsidiaries		(314,818)	(99,484)
Acquisition of associate and joint venture		(36,918)	-
Cash (outflow)/inflow on sale on subsidiaries		(3,231)	503,776
Increase in long-term receivables		(5,911)	(421,924)
Settlement of loans		6,394	-
Increase in financial investments		(954)	(212,731)
Decrease in current portion of financial investments and other receivables		964	103,109
Net cash outflow from investing activities		(520,806)	(379,445)
Cash flows from financing activities			
Increase in long-term borrowings		635,218	844,594
Cash outflow on financial transaction		-	(5,129)
Non-controlling interest arising on issue of shares		6,236	12,201
Increase/(decrease) in current portion of long-term borrowings and financial liabilities		105,558	(154,725)
Acquisition of non-controlling interest		(1,629)	(6,453)
Net cash inflow from financing activities		745,383	690,488
Net (decrease)/increase in cash and cash equivalents		(146,094)	176,576
Cash and cash equivalents at the beginning of the year		858,102	701,081
Effect of foreign exchange rate movement on cash balance		40,468	(19,555)
Cash and cash equivalents at the end of the year		752,476	858,102
Cash and cash equivalents			
Bank and Cash balances		935,715	1,017,335
Bank overdrafts		(183,240)	(170,417)
Cash and cash equivalents of continuing operations		752,475	846,918
Cash and cash equivalents classified as held for sale		-	11,184
Total		752,475	858,102

* 2018 restated, refer to note 8.

Other information

	31 March 2019	Restated 2018
Net interest-bearing debt:equity ratio (excluding long-term debt secured by investments and loans) (%)	44%	28%
Depreciation and amortisation (R'000)	139,480	183,814
Net asset value per ordinary share (cents)	4,085	3,805
Tangible net asset value per ordinary share (cents)	3,420	3,146
Capital expenditure (R'000)	(209,727)	(258,938)
Capital commitment (R'000)	45,182	20,568

Segment information

31 March	Engineering Solutions R'000	Capital Equipment R'000	Corporate and inter-segment eliminations * R'000	Total continuing operations R'000	Discontinued Operations R'000	Total operations R'000
2019						
Segment revenue	5,238,443	4,830,981	380,280	10,449,704	-	10,449,704
Segment operating profit before interest on financing transactions and foreign exchange movements	342,061	373,581	(16,278)	699,364	-	699,364
Segment assets	3,694,574	4,419,505	3,158,123	11,272,202	-	11,272,202
Segment liabilities	1,439,742	1,650,763	2,999,641	6,090,146	-	6,090,146
2018						
Segment revenue^	4,558,638	5,073,506	361,959	9,994,103	749,434	10,743,537
Segment operating profit before interest on financing transactions and foreign exchange movements**	478,700	451,746	(25,226)	905,220	12,276	917,496
Segment assets***	3,072,211	3,775,020	3,174,383	10,021,614	157,978	10,179,592
Segment liabilities***	891,658	1,437,370	2,855,173	5,184,201	117,692	5,301,893

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

** Prior year restated and re-presented to account for discontinued operations, refer to the restatement note 8 and representation of discontinued operations note 9 disclosed.

*** Restated refer to note 8.

^ Re-presented refer to note 9.

Notes to the provisional reviewed condensed consolidated results

1.Basis of preparation

These provisional reviewed condensed consolidated results (pages 3 to 17) have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), its interpretations issued by the IFRS Interpretations Committee, 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 accounting policies and methods of computation used in the preparation of the provisional reviewed condensed consolidated results are in terms of IFRS and are consistent in all material respects with those applied in the most recent Annual Financial Statements, except for restatement in note 8 and the changes in accounting policies listed below.

2.Prepared by

These provisional reviewed condensed consolidated results have been prepared under the supervision of Ms. Nazlee

Rajmohamed CA (SA), the Group Financial Director.

3.Changes in accounting policies
The Group has applied both IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers' using the modified retrospective approach, by recognising the cumulative effect of initially applying IFRS 9 and IFRS 15 as an adjustment to the opening balance of equity at 1 April 2018. Therefore, the comparative financial information has not been restated and continues to be reported under IAS 18 'Revenue' and IAS 39 'Financial instruments'.

IFRS 9 Financial instruments

Impact of adopting new standard
The most significant impact of IFRS 9 has been the change to the group's policies regarding the measurement of the impairment of trade debtors. The impairment for trade receivables is now measured using an expected credit loss ('ECL') model using the simplified approach instead of an incurred loss model. ECLs are calculated using a provision matrix, which applies a historic loss ratio to the aged balance of trade receivables at each reporting date. In instances where there was no evidence of historical write-offs, management's judgement is applied to assess potential write-offs. The historic loss ratio is also adjusted for forward-looking information to determine the lifetime ECL for the portfolio of trade receivables, this includes taking into account factors such as inflation, the debtors' reputation, the market the debtors' operates in. Furthermore, financial investments (FirstRand Bank listed bonds) previously measured at fair value through profit and loss are now measured at fair value through other comprehensive income, the classification of the remaining financial assets and liabilities has remained unchanged.

The table below is a summary the impact of the transition to IFRS 9 on the opening balance of retained earnings as at 1 April 2018. The adjustment to retained income is due to the change in the accounting policy for impairing financial assets.

Impact of adopting IFRS 9 at 1 April 2018 (R'000)	
Increase in expected credit loss	(5 589)
Decrease in retained earnings	(5 589)

IFRS 15 Revenue from contracts with customers

Impact of adopting new standard
The adoption of IFRS 15 has had an insignificant impact on the Group, as the Group does not sell products based on multiple-element arrangements or on a provisional or variable pricing basis.

IFRS 16 Leases
The Group anticipates a material change as a result of the adoption of IFRS 16 'Leases' from 1 April 2019 using the modified retrospective approach. The material change relates to the capitalising of leased properties (branches), vehicles and equipment onto the balance sheet in the form of a right of use asset, together with the corresponding lease liability. Changes to the Statement of profit or loss will result in the current operating lease costs being replaced by an amortisation of the right-of-use asset and calculated lease finance costs on the interest line. Other areas of the statutory metrics that will be impacted by the adoption of the standard include operating profit, EBITDA, earnings per share and derived KPIs. We will provide first time disclosure in the publication of our 2019 annual financial statements.

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

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

	31 March	
	2019	2018*
	R'000	R'000
Profit before taxation	614,452	724,973
Adjusted for:		
Depreciation and amortisation	139,480	184,256
Impairment of assets	2,849	4,767

Exchange differences on translating capitalised loans	3,979	(2,923)
Value recognised as a result of the derecognition of the put option on directors' loans	18,351	-
Net profit on disposal of assets	(9,555)	(37,707)
Loss on realisation of financial transaction	-	20,002
Gain on bargain purchase price recognised	(10,377)	-
Finance costs	251,126	977,487
Interest and dividend received	(144,730)	(841,799)
Net share of profits of associates and joint ventures	(32,132)	(13,657)
Share appreciation rights movement	(851)	(4,592)
Share appreciation rights issued	4,342	2,031
Other non-cash items		527
Cash generated before movements in working capital	836,934	1,013,365
Working capital changes:	(291,871)	(585,391)
Increase in inventories	(298,210)	(266,303)
Increase in trade and other receivables	(101,418)	(135,970)
Increase/(decrease) in trade and other payables and provisions	100,744	(161,779)
Increase in finance lease receivables	(73,608)	(10,972)
Increase/(decrease) in financial lease liabilities	80,621	(10,367)
Cash generated from operations	545,063	427,974

* Restated, refer note 8

6.Taxation paid

	31 March	
	2019	2018
	R'000	R'000
Amounts unpaid at the beginning of the year	(557,934)	(155,270)
Acquisition of subsidiary	(2,669)	(45)
Charged to the statement of comprehensive income	(381,662)	(563,477)
Disposal of subsidiary	-	(2,348)
Amounts unpaid at the end of the year	329,288	557,934
Total	(612,977)	(163,206)
Comprising:		
Payment of specific tax expense	(450,000)	-
Normal tax paid	(162,977)	(163,206)
Total	(612,977)	(163,206)

7.Acquisitions of subsidiaries and businesses

The current year acquisitions detailed below were acquired by the Group, as they are complementary to existing segments in the Group, thus the board identified these operations based on their ability to assist the Group with its expansion and growth. The goodwill recognised is based on the final fair values of the assets and liabilities, including identifiable intangible assets at acquisition date. Goodwill arose on these acquisitions because the cost of these combinations included a control premium. In addition, the consideration paid for these combinations effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Subsidiary/business	Acquisition type	Acquisition date	Purchase consideration
7.1 Forge Industrial Group	Acquisition of business assets	3 September 2018	R175 million
7.2 Rustenburg Engineering Group (Rustenburg Engineers and Foundry (Pty) Ltd and Joerg Foundry (Pty) Ltd)	100% of issued share capital	1 July 2018	R10 million
7.3 Propshaft Rebuilders	100% of issued share capital	1 December 2018	R146 million

Group (Propshaft Rebuilders
(Pty) Ltd)

2019	Propshaft Rebuilders Group	Rustenburg Engineering Group	Forge Industrial Group	Total
	31 March			
A summary of the financial impact of the acquisitions is disclosed below:	R'000	R'000	R'000	R'000
Fair value of net assets acquired:				
Property, plant and equipment	3,554	8,748	8,541	20,843
Intangible assets	264	-	-	264
Bank and cash balances	4,414	1,157	10,783	16,354
Inventories	109,363	7,490	149,770	266,623
Trade and other receivables	51,467	19,680	49,673	120,820
Deferred taxation	240	515	300	1,055
Long-term borrowings	(1,230)	(932)	-	(2,162)
Trade, other payables and provisions	(21,991)	(16,399)	(43,272)	(81,662)
Taxation liabilities	(2,487)	(182)	-	(2,669)
Fair value of net assets acquired	143,594	20,077	175,795	339,466
Purchase price	145,677	10,000	175,495	331,172
Fair value of net assets acquired	(143,594)	(20,077)	(175,795)	(339,466)
Total goodwill	2,083	-	-	2,083
Total gain on bargain purchase price	-	(10,077)	(300)	(10,377)
Purchase price	145,677	10,000	175,495	331,172
Bank and cash balances acquired	(4,414)	(1,157)	(10,783)	(16,354)
Cash outflow on acquisitions of subsidiaries and businesses	141,263	8,843	164,712	314,818

8. Restatement

We have reconsidered our accounting with respect to the reacquired agency rights and related contracts, as well as the amortisation period of other intangible assets. The reassessed accounting for the contracts resulted in the recognition of current liabilities which were previously considered to be discretionary and partly net accounted in receivables. Previously the reacquired agency rights were amortised over a period of 15 years, whilst certain distribution agreements, trademarks and brands and contractual and non-contractual customer relationships were amortised over a period of 10 - 27 years. The Group's accounting policy prescribes that the reacquired agency rights should be amortised over the remaining contract period and distribution agreements, trademarks and brands and contractual and non-contractual customer relationships over a period of 5 -7 years.

We have amended the application of the amortisation period for the Group's other intangible assets 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 "IAS 8: Accounting policies, changes in accounting estimates and errors". There were no deferred taxation 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 and 2017 periods. The aggregate effect of the restatement for these periods is as follows:

The correction of the above results in adjustments as follows:

2018	As previously reported	Restatement adjustments	As restated
	31 March		
	R'000	R'000	R'000
Statement of financial position			
Non-current assets			
Other intangible assets	174,780	(120,698)	54,082
Current assets			
Trade and other receivables	1,620,016	(14,555)	1,605,461

Capital and reserves			
Retained earnings	1,635,776	(215,787)	1,419,989
Foreign currency translation reserve	113,399	3,715	117,114
Current liabilities			
Other financial liabilities	-	76,819	76,819
Statement of profit or loss			
Selling, administration and distribution costs*	(2,093,325)	(42,677)	(2,136,002)
Other note disclosure			
Basic earnings per share (cents)	118	(40)	78
Diluted earnings per share (cents)	118	(40)	78
Business segment information			
Operating profit before interest on financing transactions and foreign exchange movements			
Corporate	17,451	(42,677)	(25,226)
Segment assets			
Engineering Solutions	3,135,526	(63,315)	3,072,211
Capital Equipment	3,846,958	(71,938)	3,775,020
Segment liabilities			
Engineering Solutions	814,839	76,819	891,658

	As previously reported	Restatement adjustments	As restated
2017			
Statement of financial position			
Non-current assets			
Other intangible assets	160,721	(99,415)	61,306
Current assets			
Trade and other receivables	1,541,960	(14,555)	1,527,405
Capital and reserves			
Retained earnings	1,730,052	(173,110)	1,556,942
Foreign currency translation reserve	183,781	(221)	183,560
Current liabilities			
Current portion of financial liabilities	-	59,361	59,361

* The previously reported results are presented after the re-presentation of the discontinued operation, refer to re-presentation of discontinued operations in note 9 for further detail.

9.Re-presentation of discontinued operations
The Building Supply Group Proprietary Limited and its subsidiaries was disposed of on 30 September 2017, the MacNeil Plastics business ("the business") was classified and accounted for as held for sale for the year ended 31 March 2018. The sale of the business is subsequently no longer viewed as highly probable and as a result, the business is no longer classified as a disposal company held for sale for the year ended 31 March 2019.

The results of the business previously presented in discontinued operations have been re-presented in accordance with IFRS 5 (par 36) and the impact on the reported financial results has been disclosed below:

		31 March	
	As previously reported	Re-presented amount	As re-presented
2018			
Consolidated statement of profit or loss	R'000	R'000	R'000
Revenue	9,639,807	354,296	9,994,103
Cost of sales	(6,660,734)	(292,147)	(6,952,881)
Gross profit	2,979,073	62,149	3,041,222
Selling, administration and distribution cost	(2,038,798)	(54,527)	(2,093,325)
Operating profit before interest on financing transactions and foreign exchange movements	940,275	7,622	947,897

Interest received from financing transactions	11,335	-	11,335
Interest paid on financing transactions	(6,175)	(327)	(6,502)
Net foreign exchange cost	(71,421)	-	(71,421)
Operating profit	874,014	7,295	881,309
Finance costs	(940,916)	(351)	(941,267)
Dividends received from financial investments	332,099	-	332,099
Share of profits of associates	13,593	-	13,593
Interest received	481,129	25	481,154
Profit before taxation	759,919	6,969	766,888
Taxation	(536,351)	728	(535,623)
Profit for the year from continuing operations	223,568	7,697	231,265
Discontinued operations			
Profit for the year from discontinued operations	7,697	-	-
Profit for the year	231,265	7,697	231,265

Business segment information			
Segment revenue			
Corporate	48,581	354,296	402,877
Total continuing	9,639,807	354,296	9,994,103
Discontinued operations	1,103,730	(354,296)	749,434
Total	10,743,537	-	10,743,537
Operating profit before interest on financing transactions and foreign exchange movements			
Corporate	9,829	7,622	17,451
Total continuing	940,275	7,622	947,897
Discontinued operations	19,898	(7,622)	12,276
Total	960,173	-	960,173

10.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	Valuation technique(s) and key inputs	Level 1	Level 2	Level 3
2019					
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	-

	31 March	Valuation technique(s) and key inputs	Level 1	Level 2	Level 3
2018					

Financial assets at fair value					
FirstRand Bank Bonds	588,241	2	-	588,241	-
Forward exchange contract asset	144	2	-	144	-
Financial liabilities at fair value					
Other financial liabilities	76,819	3	-	-	76,819
Foreign exchange contract liability	31,112	2	-	31,112	-

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 transfers from level 1 to 2 during the financial year disclosed.

11.Auditor's review

These provisional reviewed condensed consolidated results (pages 3 to 17) have been reviewed by independent external auditors, Ernst & Young Inc. and their unmodified review report is available for inspection at the Company's registered office. The review was performed in accordance with ISRE 2410'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditors. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. 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 auditor's report together with the accompanying financial information from the Group's registered office.

Preference share cash dividend

As announced on SENS on 3 June 2019 the Directors of the Company have declared a gross cash dividend of 617,06943 cents per preference share for the period from Tuesday, 13 November 2018 to Monday, 3 June 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 493,65554 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, 18 June 2019
Shares commence trading "ex" dividend	Wednesday, 19 June 2019
Record date	Friday, 21 June 2019
Payment date	Monday, 24 June 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 19 June 2019 and Friday, 21 June 2019, both days inclusive.

Ordinary share cash dividend

In light of the tax settlement and the resultant higher gearing in the group, the board has resolved not to declare a final dividend. It is anticipated that 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) will be resumed once cash flow and gearing permit.

By order of the board

L Dubery
Group company secretary

Cape Town
21 June 2019

Date of publication 24 June 2019

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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, N Rajmohamed, 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