

# Announcement regarding the issue to Black Economic Empowerment ("BEE") parties, of 25% of the ordinary shares in Humulani Investments (Proprietary) Limited, a wholly-owned subsidiary of Invicta ("Humulani") and withdrawal of cautionary announcement

## 1. INTRODUCTION

Shareholders are referred to the announcements dated 7 July 2005 and 17 February 2007 respectively, and the circular to Invicta shareholders dated 7 July 2005.

During a general meeting of Invicta shareholders held on 25 July 2005 ("the general meeting"), the requisite majority of shareholders approved the issue of shares in the restructured Invicta group to BEE party/ies, which BEE party/ies may include a share incentive trust to be established in future, for the benefit of BEE employees of the Invicta group ("the BEE transaction").

Shareholders are advised that Invicta has entered into agreements with the following two parties:

- the issue of 20% new ordinary shares in Humulani, for R 93 000 000 to aloeCap Private Equity Investments 1 (Proprietary) Limited, a wholly owned subsidiary of aloeCap; and
- the issue of 5% new ordinary shares in Humulani to The Humulani Investments Share Incentive Trust ("the Staff Trust") for R 23 250 000 (collectively "the BEE parties").

## 2. BACKGROUND

### 2.1 Background on aloeCap

aloeCap is a 100% black owned and managed company. The company is held 90% by its founder black entrepreneurs and 10% by a trust established to benefit previously disadvantaged women. Over the past 10 years, aloeCap has built a solid track record as:

#### Advisor

aloeCap has advised the public sector on transactions worth more than R40 billion. Clients include Eskom, Transnet, Denel, SAA, Gambling boards, Competition Commission, National, Provincial and Local Government.

#### Partner

aloeCap entered into partnerships that generate over a billion rands in turnover. These partnerships cover mining and industrial fabrication and wholesaling, information technology and events management.

#### Fund raiser

aloeCap has established relationships with local and international banking and institutional investors and have raised more than R2 billion for the group and its clients.

### 2.2 Background on the Staff Trust

The Staff Trust was established in terms of the mandate given by Invicta's shareholders, at the general meeting for the benefit of the black staff of Invicta, who have been defined as Black People, as set out in the Broad Based BEE Codes of Good Practice as published by the Department of Trade and Industry ("the Codes").

## 3. RATIONALE

The rationale for the BEE transaction was to:

- restructure the Invicta group in a manner which unlocked efficiencies that were not optimised in the existing structure and which facilitated the implementation of a BEE transaction; and
- introduce BEE parties to such restructured group in an optimal way, so as to ensure the continued sustainability of the group and stimulate the future growth of its business operations in South Africa.

## 4. TERMS AND CONDITIONS

Shareholders are referred to the announcement dated 17 February 2006 which provided details of the financing for the restructuring and the BEE transaction. In terms thereof, Invicta has elected to provide security to the financiers in an amount equal to 50% of the aloeCap subscription price, at market related rates.

Invicta has also advanced the Staff Trust an amount of R23 250 000 in respect of its subscription price.

The BEE transaction is subject to the following terms and conditions:

- aloeCap will not dispose of its shareholding in Humulani for a period of 5 years from the subscription date, being 23 March 2007 ("subscription date"), and a disposal during the subsequent period of 5 years will be subject to agreed conditions, particularly in respect of the continued empowerment of the shareholding disposed of.
- The BEE ownership score of aloeCap may not be reduced by more than 25% and 40% respectively, during the first three and seven years from the subscription date, through a disposal of shares by aloeCap.
- aloeCap must conclude and effect a transaction by 1 February 2008, for the issue of 10% of its share capital to Black Women (as defined in terms of the Codes).
- aloeCap has granted Invicta a pre-emptive right in respect of a new issue of aloeCap shares, for up to 25% and 40% respectively, during the first three years and seven years after the subscription date (save where shares are issued to existing shareholders).
- Each of aloeCap and Invicta have pre-emptive rights in respect of each other's shareholding in Humulani.
- aloeCap has the right to put the Humulani shares to Invicta or otherwise sell them on the open market (should Invicta not take up the put option), if Humulani passes a resolution which may materially affect the business of Humulani, but to which aloeCap did not consent.
- The loan by Invicta to the Staff Trust to take up the shares in Humulani will be interest free for the time being, will be repaid by dividends declared by Humulani and may be called, upon three months' written notice by Invicta.
- Conditions precedent in terms of the issue and registration of certain statutory documents to give effect to the above, must be completed by 23 March 2007, upon which payment is to be effected.

## 5. PRO FORMA FINANCIAL INFORMATION

The table below sets out the unaudited pro forma financial effects of the BEE transaction for the year ended 31 March 2006.

The unaudited pro forma financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of the results, financial position and changes in equity for the Invicta Group, after the BEE transaction.

It has been assumed for purposes of the unaudited pro forma financial effects that the BEE transaction took place on 31 March 2006.

The directors of the company are responsible for the preparation of the unaudited pro forma financial effects.

Per ordinary share	Notes	Before (cents)	After (cents)	Change (%)
Earnings	1	170	199	17
Headline earnings	1	170	170	0
Net asset value	2	970	999	3
Net tangible asset value	2	694	723	4

#### Notes:

1. The amounts in the "Before" column represent the audited headline earnings and earnings per share disclosed in the financial results for the year ended 31 March 2006. The amounts in the "After" column represent the unaudited headline earnings and earnings per share after the BEE transaction based on the assumption that the BEE transaction was effective 31 March 2006.
2. The amounts in the "Before" column represent the audited net asset value and net tangible asset value per share as disclosed in the financial results as at 31 March 2006. The amounts in the "After" column represent the unaudited net asset value and net tangible asset value based on the financial results as at 31 March 2006 adjusted for the BEE transaction, had it been effected on 31 March 2006.

## 6. EFFECTIVE DATE

The effective date of the BEE transaction will be upon completion of the abovementioned conditions precedent on or before Friday, 23 March 2007.

## 7. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcement dated 2 February 2007 and are advised that the cautionary announcement is hereby withdrawn and they no longer need to exercise caution when dealing in their Invicta securities.

Cape Town  
16 March 2007

Corporate Adviser to Invicta

**bravura**

Attorneys

**byfg** BERNADT • VUKIC  
POTASH • & • GETZ  
ATTORNEYS

Sponsor to Invicta

**Deloitte**  
Deloitte & Touche Sponsor Services (Pty) Ltd  
(Incorporated in the Republic of South Africa)  
(Registration number 1996/000034/07)