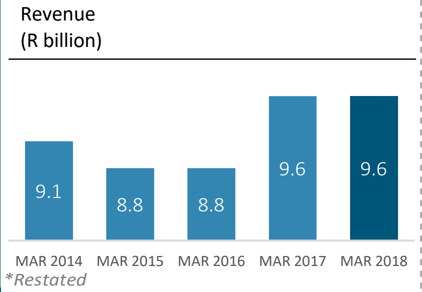
Summarised consolidated results

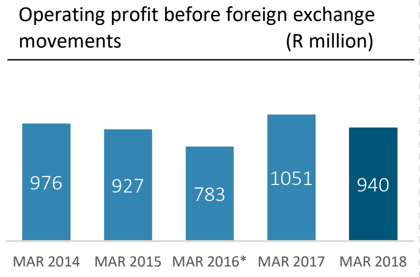
for the year ended 31 March 2018

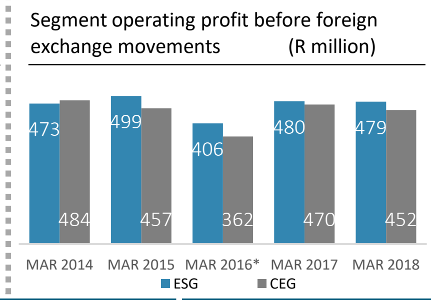
Invicta HOLDINGS LIMITED

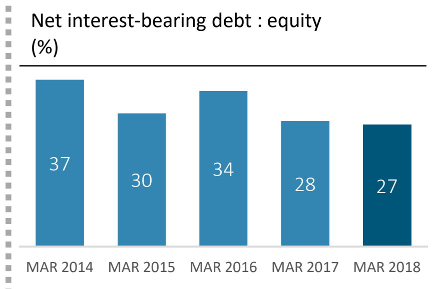
Registration number 1966/002182/06 | (Incorporated in the Republic of South Africa)
Share code: IVT | ISIN: ZAE000029773 | Preference share code: IVTP | ISIN: ZAE000173399
("Invicta" or "the Group" or "the Company")

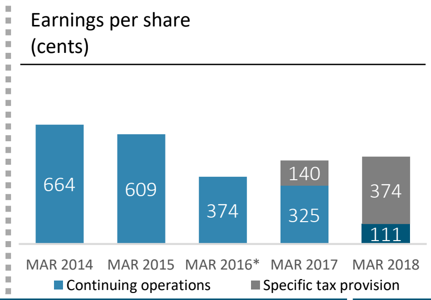
The 31 March 2018 results as disclosed below represent the total continuing operations.

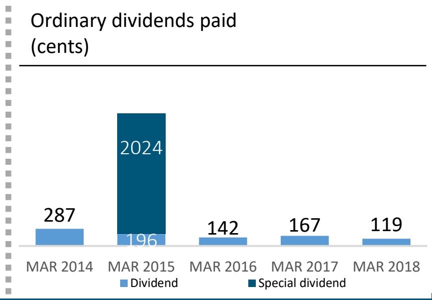












Revenue
R 9,6 billion
0% ⇔

Operating profit before foreign exchange movements
R940 million
-11%↓

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

Headline earnings 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

Short form announcement

Shareholders are advised that this short form announcement represents a summary of the information contained in the full announcement published on SENS on 18 June 2018 and Invicta Holdings Limited's website (**www.invictaholdings.co.za**) and does not contain the complete or full announcement details. Any investment decision should be based on consideration of the full announcement and shareholders and/or investors are encouraged to review the full announcement. The full announcement is also available for inspection at the registered office of Invicta Holdings Limited (3rd Floor, Pepkor House, 36 Stellenberg Road, Parow Industria) and at Invicta's Sponsor, Deloitte & Touche Sponsor Services (Pty) Limited. Inspection of the full announcement is available to investors at no charge, during normal business hours. The contents of this short form announcement are the responsibility of the board of Invicta Holdings Limited.

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 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.

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

			31 March	
	Note	% Change	2018 R'000	2017 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.

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.

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 cents) per preference share for the period from Tuesday, 7 November 2017 to 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 9400/012/03/6.

The salient dates for the preference 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.

A Goldstone
Chief Executive Officer

C Barnard
Financial and Commercial Director

Invicta Holdings Limited
14 June 2018
www.invictaholdings.co.za

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*

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Transfer secretaries: Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 PO Box 61051, Marshalltown, 2107

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