Invicta
HOLDINGS LIMITED

2022

AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH

Firmly **rooted** in South Africa and strategically **geared** for **growth**

Approval of the consolidated financial statements

To the shareholders of Invicta Holdings Limited

The directors of Invicta Holdings Limited ("Invicta" or "the Company" or, together with subsidiaries, associates and joint ventures ("the Group") are responsible for the preparation of the consolidated financial statements and related financial information that fairly presents the results of the Group for the period 1 April 2021 to 31 March 2022 ("the Report").

The Report set out herein has been prepared under the supervision of Ms. Nazlee Rajmohamed CA(SA), the Group financial director, in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC") interpretations, the Companies Act No. 71 of 2008 ("Companies Act (2008)"), the JSE Listings Requirements ("Listings Requirements") and the SAICA Financial Reporting Guides and financial pronouncements as issued by the Accounting Practices Committee. These are based on appropriate accounting policies, consistently applied, which are supported by reasonable and prudent judgements and estimates.

The external auditors are responsible for carrying out an independent examination of the Report in accordance with International Standards on Auditing and in compliance with the Companies Act (2008) and reporting their findings thereon. The Independent Auditors' Report is set out on pages 10 to 13 of the Report.

In order for the directors to discharge their responsibilities, management has developed and continues to maintain a system of internal control aimed at reducing the risk of error or loss in a cost-effective manner. The external and internal auditors have unrestricted access to all records, property and personnel as well as to the Audit and Risk Committee. The Audit and Risk Committees, together with the internal auditors, play an oversight role in matters relating to financial and internal control, accounting policies, reporting and disclosures.

The directors, whose names are stated below, hereby confirm that –

(a) The annual financial statements set out on pages 2 to 99, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The directors have reviewed the group and company's financial budgets for the year to 31 March 2023, and consider it appropriate that the group and company annual financial statements continue to be prepared on the going concern basis. Refer to note 49 and the directors' report for further details.

The Report for the period ended 31 March 2022, was approved by the board on 23 June 2022 for publication on 27 June 2022 and is signed on its behalf by:

N. Rajmohamed
Director
Johannesburg
23 June 2022

S. Joffe
Director
Johannesburg
23 June 2022

Certification by the Group company secretary

In accordance with the provisions of section 88(2) of the Companies Act (2008), I certify that, to the best of my knowledge and belief, the Company has filed for the reporting period ended 31 March 2022, all such returns and notices as are required of a public company in terms of the said Act, and that all such returns and notices appear to be true, correct and up to date.

L. Mpumlwana
Group company secretary
Johannesburg
23 June 2022

Audit and Risk Committee report

for the year ended 31 March 2022

Background

The Audit Committee is guided by a charter and any amendments thereto are approved by the Board. The charter, which incorporates the specific responsibilities outlined in the Companies Act (2008) and the JSE Listings Requirements, was reviewed and updated during the current period. Audit Committees of the major operating divisions meet on a quarterly basis and report back to the Invicta Audit Committee through the Group Directors who chair the divisional Audit Committees.

The purpose of the Audit Committee is:

- To ensure the overall adequacy and efficiency of the internal control systems and information systems.
- To ensure that the company has appropriate financial reporting procedures and that those procedures are operating in compliance with all applicable legal requirements, corporate governance and accounting standards.
- To provide a forum for communication between the Board, executive management, and the internal and external auditors.
- To review and confirm the independence, objectivity and effectiveness of the external auditors, and to review and approve the engagement of the external auditors for non-audit work.
- To introduce such measures as in the Audit Committee's opinion may serve to enhance the reliability, integrity and objectivity of financial information, statements and affairs of the Group.
- To provide support to the Board on the risk management of the Group through the establishment of a Risk Committee.
- To review and monitor the objectivity and effectiveness of the internal audit function.
- To review and recommend to the Board the consolidated financial statements, press announcements and integrated annual report.
- To execute on responsibilities in terms of the Listings Requirement, and monitor Group compliance.

Membership

The Audit Committee members were re-appointed at the Annual General Meeting "AGM" of the company on 16 September 2021.

The members during the 2022 financial year were:

- Rashid Wally *(Chairman)**
- Mpho Makwana *(member)**
- *Frank Davidson (member)**

**independent*

The Audit Committee members were independent of executive management during the year under review. The Group CEO, CFO and Commercial Director attend the meeting by invitation.

Shareholders will be requested to approve the appointment and/or reappointment of the members of the Audit Committee at the AGM scheduled for 13 September 2022.

Attendance at meetings by Audit Committee members during the reporting period were as follows:

	Scheduled meetings
Rashid Wally (Chairman)	5/5
Mpho Makwana	4/5
Frank Davidson	5/5

Mr Iaan van Heerden, representatives of the internal audit function (outsourced) and external audit function are invited to attend meetings and to report to the Audit Committee.

Compliance

The organisation operates in complex compliance environments such as South Africa, other Southern African countries, and Asia. The Group also operates in Europe and North America. The Board has delegated responsibility to facilitate compliance throughout the Company and the Group to the Audit Committee.

In this regard the Audit Committee:

- Monitors compliance with applicable laws, including the JSE pro-active monitoring requirements and, considers adherence to relevant non-binding rules, codes, and standards.
- Monitors the establishment and maintenance of a compliance framework that is appropriate to the laws, rules, codes and standards that are applicable to the relevant territory.

Audit and Risk Committee report (continued)

for the year ended 31 March 2022

Compliance (continued)

In this regard the Audit Committee (continued):

- Ensures that a legal compliance policy is established and implemented.
- Ensures that a compliance manual is established and implemented.
- Identifies, assesses, advises, monitors and reports on the regulatory compliance risk of the Company and the Group, which contributes to the overall risk management framework of the Company and the Group.
- Ensures that compliance monitoring and reporting is undertaken in a manner that is appropriate for the Company and the Group.
- Ensures that a compliance culture is encouraged through leadership, appropriate structures, education and training, communication and the measurement of key performance indicators.
- Reviews and approves all decision letters and explanations provided to any regulator, including IRBA and the JSE.

Information, Communication and Technology

Invicta's Information, Communication and Technology ("ICT") Committee is established to assist the Audit Committee and Board in respect of the following aspects:

- Appraise major information, communication, and technology ("ICT") related projects and technology architecture decisions.
- Ensure that the Group's ICT programs effectively support the Group's business objectives and strategies
- Monitor the overall performance of the Group's senior IT management teams.
- Advises the Audit Committee and Board on strategic or material ICT-related matters.
- Monitors the identifying and assessing of cyber risks to prevent the occurrence of successful cyber related attacks.

Internal audit

During the current period the in-house function was outsourced to BDO based on a quality assurance review which determined that the function was not effective and did not conform to mandatory requirements of the International Professional Practices Framework. At present the Group does not have a Chief Audit Executive; the interaction with BDO is managed by the Group Financial Director. Specific work was done on the adequacy and effectiveness of the key financial reporting controls operating over the reporting period and it was determined that the controls designed and implemented provided a sound platform from which to expand the Internal Control Framework. The controls were either determined to be adequate and effective or were covered by compensating controls that mitigated the risk of a material misstatement.

Additionally, BDO will maintain the risk database, monitor internal financial controls throughout the year and provide guidance on the evolution of the combined assurance model. Executive education in risk management was implemented by the 31st March 2022.

The Audit Committee is satisfied with the arrangements for internal audit and have approved the risk-based internal audit plan. Further, the Committee is reasonably satisfied with the effectiveness of the design and implementation of the internal financial controls. There were no significant failures reported during the period under review.

External audit

Ernst & Young Inc. ("audit firm") were reappointed independent external auditor. Ms. Amelia Young, who is a registered independent auditor, is the designated partner for the audit of the 2022 reporting period.

The Audit Committee has satisfied itself that the auditor of the Company and the Group is independent as defined by the Companies Act (2008) and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the auditor that internal governance processes within Ernst & Young support and demonstrate both their independence and quality of work.

The Audit Committee, in consultation with executive management, agreed to the engagement letter, audit scope and audit plan for the 2022 reporting period. The budgeted fee was considered appropriate for the work that could reasonably have been foreseen at that time. The final fee will be agreed on completion of the audit. The Group is compliant with all regulations relating to audit firm rotation.

There is a formal procedure that governs the level of non-audit services that may be undertaken by the audit firm without Audit Committee approval. The Audit Committee reviews the level of non-audit fees bi-annually. Meetings may be held with the auditor where management is not present.

The Audit Committee is satisfied with the quality and effectiveness of the external audit.

Key audit matters

The Audit Committee has assessed the key audit matters included in the external auditors' report and has concluded after considering submissions from management that these matters have been appropriately addressed. The committee has considered in particular the recording of the Kian Ann transaction, and is satisfied that appropriate technical judgement was applied.

Consolidated financial statements

The Audit Committee fulfilled its mandate and recommended the consolidated financial statements for approval to the Board. The Board subsequently approved the consolidated financial statements, which will be open for discussion at the forthcoming AGM.

Group Financial Director and financial reporting procedures

As required by the JSE Listings Requirements, the Audit Committee confirms that the Group and Company's Financial Director, Ms. Nazlee Rajmohamed CA(SA), has the necessary expertise and experience to carry out her duties. The Audit Committee is satisfied with the operational effectiveness of Ms. N. Rajmohamed and the finance function. The Audit Committee is further satisfied that appropriate financial reporting procedures have been established throughout the Group and the Company and that these procedures are operating effectively.

Risk management

Responsibility for managing Group risk ultimately lies with the Board. The Board manages risk through the Audit Committee. The Audit Committees of subsidiary companies, executive committees and management at operational level assist the Group Audit Committee in discharging these responsibilities by identifying, monitoring and managing risk on an ongoing basis.

The Invicta Enterprise Risk Management Policy and Framework provides the basis for the implementation of a consistent, efficient and economical approach to identify, evaluate and respond to key risks that may impact the Company. This specifically includes the following considerations:

- The risk profile and management of strategic and operational risk within the Group.
- The risk profile and risk management of major projects and acquisitions.
- The impact of environmental, economic, geopolitical and social factors.
- The adequacy of self-insurance and external insurance programs.
- The risk profile and management of information technology.

The following key risk areas were rated as likely and were assessed to have a high or significant residual risk rating:

South Africa's electricity supply
The lack of (consistent) supply is a constraint on GDP and impacts the activities of key customer industries such as mining. There is also a higher operating cost for all parties. This is mitigated by the rollout of alternative power independent of the national grid to key sites.

De-industrialisation of South Africa
Lack of competitiveness/Low productivity could lead to a decline in industrial South Africa, with flat or declining impact on Group revenue and profitability. This is mitigated by diversification within South Africa to different products and markets; and diversification geographically to growing industrial markets.

Global supply chain constraints
Various geopolitical factors including the war in Ukraine, and the China COVID-19 shutdowns have led to shipping delays which could lead to a shortage of inventory. The cost of freight has increased substantially. This is mitigated by placing early orders with secure shipping lines based on anticipated requirements and ensuring adequate working capital funding to support these orders.

Political and labour instability
Sustained labour unrest in the mining or manufacturing sectors, especially given high level of unemployment in the wake of pandemic related retrenchments. This is mitigated by geographical diversification to more stable regions, and strict management of overheads to create resilience to short term upheavals.

Natural disaster, war or a pandemic impacting either a supplier site(s), customer site(s) or own site(s)
The experiences of the past 12 months included the war in Ukraine, civil unrest in KZN, various lockdowns in China and flooding in KZN. This has demonstrated that the geographical spread of the Group's activities exposes it to local risk in as many regions but at the same time mitigates risk through this geographical diversification.

Rashid Wally
Chairman of the Audit Committee
23 June 2022

Directors' report

for the year ended 31 March 2022

Invicta Holdings Limited

The directors have pleasure in presenting their report, which forms part of the consolidated financial statements of the Group, for the period ended 31 March 2022.

Nature of business

The Invicta Group consists of five operational segments, namely: 1. Replacement parts, Services, & Solutions: Industrial; 2. Replacement parts, Services & Solutions: Auto-agri; 3. Capital Equipment & related parts & services; 4. Replacement parts, Services & Solutions: Earthmoving equipment; and 5. Kian Ann Group.

The various segments of the Group are described below.

Invicta South Africa Holdings Proprietary Limited ("Invicta SA")

Invicta SA is the operational holding company of all the South African operations of the Group with 25% of its ordinary shares under the control of B-BBEE parties.

20% of Invicta SA's ordinary shares are held by Theramanzi Investments Proprietary Limited, a wholly owned subsidiary of the Humulani Empowerment Trust ("HET"). The HET was established by Invicta in 2011 to promote the broad-based socio and economic advancement of black women, black broad-based groups and black designated groups in areas surrounding the operations of the Invicta Group. The beneficiaries of the HET are defined in the trust deed as the employees selected from time to time by the Company. It is intended that disbursements made by the HET will initially be in the areas of education in projects that are considered to create sustainable community improvements. The HET is structured in the form of a broad-based trust, with an enhanced empowerment status. In terms of IFRS 10, HET and Theramanzi, its wholly owned subsidiary, are consolidated into the Group results.

5% of Invicta SA's ordinary shares are held by the Humulani Employee Investment Trust ("Employee Trust"). The beneficiaries of the Employee Trust are the historically disadvantaged South African employees of the Group, who do not participate in any other share incentive scheme of the Group.

ESG has completed the sale of branches, (re-named with the prefix Africa Maintenance Equipment "AME"), to develop the customer supply chain in a manner that meets the requirements of the mining charter. The shares are held by the independent B-BBEE partners; in some instances, the Employee Trust and Group companies participate. In terms of IFRS 10, the Employee Trust is consolidated and the AME entities, are equity accounted into the Group's results.

Replacement parts, Services & Solutions: Industrial (RSS: Industrial)

This segment is the leading wholesale and retail distributor in Africa of engineering consumable products, technical services and 360-degree solutions. It has a global network consisting of 108 branches, 13 AMEs, and an additional 107 vendor managed inventory consignment sites.

Activities include the international and local sourcing of leading brands, the distribution of premium engineering components and consumables, the provision of technical support, value-added assembly, and the bespoke manufacturing of components into customised systems and solutions for end-user customers.

The following products and services are provided:

- Technical services including on-site installation, maintenance work, breakdown repair, condition monitoring, failure analysis, design engineering and manufacturing. It supplies both imported and local product ranges:
    - Engineering consumables including bearings, seals and gaskets, power transmission, light and heavy materials handling, fasteners, geared and electric drives and motors
    - Fluid technology products and solutions including hydraulic, pneumatic, valves, pumps, filtration, hose, fittings, and lubrication
    - Tools & equipment
- Supply of tools and equipment, cutting, welding, lifting, personal protective equipment, locks and machine tools
- Supply of imported and local vibrator motors, tensioning, and suspension systems
- Supply of vibrating equipment and material handling solutions
- Manufacture and supply of heavy-duty belting components and imported conveyer belting to the mining industry

Replacement parts, Services & Solutions: Auto-agri (RSS: Auto-agri)

This segment supplies imported and local automotive and agricultural aftermarket replacement parts and kits in South Africa and certain countries in Europe.

Capital Equipment & related parts and services (CE)

CE segment holds a leading position in the wholesale and retail distribution of earthmoving and materials-handling equipment and the supply and distribution in Southern Africa of Original Equipment Manufacturer ("OEM") branded parts and components.

The following product ranges are supplied:

- TCM materials-handling equipment and related spare parts;
- Moffett forklifts, Combilift forklifts, other material-handling brands, as well as the supply of related spare parts;
- Doosan heavy earthmoving machinery, Everdigm hammers and Tonly off road dump trucks for construction and mining applications, and related spare parts;
- Hyundai earthmoving machinery and Soosan Hammers, and related spare parts; and
- After-market replacement spare parts for agricultural equipment.

Replacement parts, Services & Solutions: Earthmoving equipment (RSS: Earthmoving)

The under-lying businesses hold leading positions in the supply of the following after-market spare parts:

- After-market replacement spare parts, ground engaging tools, and undercarriage parts for earthmoving equipment in South Africa; and
- Independent supplier of aftermarket heavy-duty diesel engine parts for industrial and agricultural machinery in Europe and America.

Kian Ann Group (KAG)

KAG is one of the largest independent distributors of heavy machinery parts and diesel engine components in Asia. The parts distributed are used for excavators, bulldozers, wheel loaders, motor graders, trucks, trailers, power generation sets and marine engines. European truck and bus parts are distributed through its subsidiary Kian Chue Hwa Pte Ltd. Kunshan Kensetsu Buhin Co. Ltd and JKB are wholly owned roller manufacturing enterprises based in China.

KAG provides parts support for major brands such as Caterpillar, Komatsu, Cummins, Hitachi, Kobelco, Sumitomo, Mercedes Benz, Volvo, Scania, Man, BPW, Hyundai and Doosan, who are major OEMs as well as an extensive range of Aftermarket Parts dealers.

Inventory and distribution are managed from the 4-storey Singapore head office, which is attached to the warehousing facility of approx. 32,000 square metres.

KAG has expanded regionally and globally through subsidiary and related companies in China, Malaysia, Thailand, India, United States of America, Canada, and the United Kingdom.

Compliance with accounting standards

The Group's consolidated financial statements comply with IFRS, the Companies Act (2008), the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council.

Group results

	2022 R'000	2021 R'000
Revenue	**7,188,991**	6,251,484
Profit for the year from continuing operations	**520,816**	296,839

While revenue grew by 15%, gross profit margin was approximately 1% lower year-on-year partially due to rising product costs which were not immediately passed on to customers, and partially due to the disposal of the controlling interest in certain businesses (AMEs). The growth in profit for the year from continuing operations of R224 million was the result of R85 million at operating profit before net finance income on finance transactions and foreign exchange movements driven by the growth in revenue. This was supported by a R61 million reduction in net finance costs and R102 million equity accounted earnings from investment in the Kian Ann joint venture, partially offset by lower profits generated year-on-year from the disposal of businesses/investments. In the prior year the contribution of the KAG was reflected in profit for the year from discontinued operations.

Events after the reporting date

Refer to note 50 for a detailed description of the events after reporting date.

Going concern

Refer to note 49 for an assessment of the applicability of the going concern principle as a basis for the preparation of the annual consolidated financial statements.

Significant acquisitions, disposals and other transactions

KAG executed a series of transactions on 1 August 2021 which resulted in Kian Ann Engineering increasing its interest in MIH and KKB to 100%, followed by the Group reducing its shareholding in Kian Ann Engineering from 100% to 48.81%.

The transactions have resulted in a deemed disposal of KAG as a subsidiary due to loss of control. The resulting 48.81% interest has met the conditions required for joint control and is recorded as an investment in a joint venture. See note 43 for details.

On the 1st January 2022, the Group acquired KMP Holdings Ltd, a global distributor of aftermarket engine spare parts with offices in the UK and USA. Please refer to note 42 for details.

The Samrand property was transferred to the purchasers on the 18th March 2022.

The Group has advanced a term loan of R75 million to the Dartcom Group to be repaid by the 31st March 2023. Invicta will have a right of first refusal in respect of any future sale of the Dartcom Group or any of its material assets, for as long as the loan remains outstanding.

Management philosophy

Each division is self-contained and has its own chief executive officer or managing director supported by a complete finance and administration infrastructure. The Invicta Group CEO is actively involved in the executive committees of all operating segments, with executive directors of the Group actively controlling and participating on the Boards of subsidiaries. Invicta aims to add value by providing expertise and guidance to subsidiary management teams, and by pooling best practices and resources within the Group.

Share capital and share premium

The authorised share capital of the Company remained unchanged at 134,000,000 ordinary shares of 5 cents each, and 18 000 000 cumulative non-participating preference shares of no-par value. During the current financial year, the Group repurchased 5.2 million ordinary shares and subsequently cancelled 6.8 million ordinary shares comprising the repurchased shares and 1.5 million shares reported as treasury shares in the prior year, resulting in issued ordinary shares decreasing to 104,727,070. This amounted to a reduction in share capital of R338,383 (based on shares at a par value of 5c) and share premium of R163,1 million, as well as a reduction of retained earnings amounting to R34,1 million.

Dematerialising of shares (STRATE)

Shareholders are requested to note that trades are cleared and settled through the Strate system; consequently, the Company's share certificates may no longer be delivered for trading. Dematerialization of the Company's share certificates is now a prerequisite when dealing in its shares.

Auditors

Ernst & Young Inc.("EY") was appointed as auditors of the Company and its major subsidiaries for the year ended 2022. Shareholders will be requested to reappoint EY as auditors of Invicta and the Group, at the Annual General Meeting ("AGM"), and to confirm that Ms. Amelia Young will be the designated audit partner for the 2023 reporting period.

Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited acts as sponsor to the Company in terms of the JSE Listings Requirements.

Transfer secretaries

Computershare Investor Services (Pty) Ltd serves as the registrar and transfer secretaries of the Company.

Subsidiaries, associates and joint ventures

Details of the Company's interests in its material subsidiaries, associates and joint ventures are set out in the attached consolidated financial statements in notes 22, 23 and 24 on pages 61 to 67 of the Report.

Directors

Details of the directors and Group Company Secretary during the reporting period and at the date of the consolidated financial statements are reflected in the integrated report.

Directors' contracts

A loan has been previously given to a director of a subsidiary and the terms of the loan are market related, an amount remains as outstanding at the end of the period. No other contracts have been entered into between the Company or the Group and the group directors, or directors of material group companies, during the reporting period under review.

Directors' interest in shares of the Company

The total direct and indirect interest declared by the directors in the issued ordinary share capital of the Company at 31 March 2022 was 52% (2021:50%).

The total direct and indirect interest declared by the directors in the preference share capital of the Company at 31 March 2022 was 28% (2021:28%).

The details of the directors' shareholding are reflected in note 45 on page 88.

Directors' fees

Directors' payments for services as directors and other emoluments for the past reporting period are set out in note 44 on pages 85 to 87 of the Report. Members will be requested to consider a special resolution approving the remuneration of each non-executive director for the 2023 reporting period as required by the Companies Act (2008) and ordinary resolutions to endorse the remuneration policy and the remuneration implementation report at the AGM.

Unissued share capital

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of the Companies Act (2008) and the JSE Listings Requirements. In terms of the Company's memorandum of incorporation ("MOI") this general authority remains valid only until the next AGM, to be held on Thursday 13 September 2021. Members will be requested at the meeting to consider an ordinary resolution placing the said ordinary shares under the control of the directors until the 2023 AGM.

Share repurchase agreements

The following share repurchase agreements were concluded during the current period:

- Repurchase of 1 500 000 Invicta Shares from L Sherrell at a repurchase price of R28 per repurchased share for a repurchase consideration of R42,0 million.
- Repurchase of 2 400 000 Invicta Shares from D Samuels at a repurchase price of R28 per repurchased share for a repurchase consideration of R67,2 million.
- Repurchase of 1 325 845 Invicta Shares from various shareholders at repurchase prices from R26.77 to R 31.50 per repurchased share for a repurchase consideration of R38,9 million.

Repurchase of shares

The directors consider it appropriate to secure a general authority for the Group to repurchase ordinary share on the open market through the JSE to provide the Group with maximum flexibility regarding the repurchase of its own shares.

The Group has repurchased ordinary shares which are held at subsidiary level as treasury shares. The treasury shares are eliminated on consolidation and are thus treated as cancelled from a financial reporting perspective.

The Company's MOI allows the Group to purchase its own shares if shareholders have, by way of special resolution, given the Group a general authority to affect such purchase or a specific authority to affect a specific purchase of its own shares, subject to the requirements of the Companies Act (2008) and the JSE Listings Requirements.

Dividends

Preference share dividends

It is the group's policy to make two dividend payments each year, an interim in November and a final in June.

A cash dividend of 470.10 cents per preference share (2021: 436.47 cents per share) was paid on the 27th June 2022 to shareholders registered on the 24th June 2022.

A cash dividend of 322.16 cents per preference share (2021: 314.88 cents per share) was paid on the 29th November 2021 to shareholders registered on the 23rd November 2021.

The directors have performed the required solvency and liquidity tests required by the Companies Act of South Africa.

Ordinary share dividends

A cash dividend of 90 cents per ordinary share (2021: 60 cents per share) will be paid on the 8th August 2022 to shareholders registered on the 2nd August 2022.

The directors have performed the required solvency and liquidity tests required by the Companies Act of South Africa.

Notice of annual general meeting

Notice to shareholders detailing all necessary resolutions relating to the Company affairs is set out in the Notice of AGM.

Signed on behalf of the board of directors

Dr Christo Wiese
Chairman
Cape Town
23 June 2022

Steven Joffe
Chief executive officer
Johannesburg
23 June 2022

Independent auditor’s report

for the year ended 31 March 2022

To the shareholders of Invicta Holdings Limited

Report on the Audit of the Annual Consolidated Financial Statements

Opinion

We have audited the annual consolidated financial statements of Invicta Holdings Limited and its subsidiaries (‘the group’) set out on pages 14 to 96, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the annual consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual consolidated financial statements of the current period. These matters were addressed in the context of our audit of the annual consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent auditor's report (continued)

for the year ended 31 March 2022

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><th colspan="2">Accounting for the disposal and acquisitions within the Kian Ann Group</th></tr>
<tr><td>
The Group disposed of an effective 51.2% shareholding in Kian Ann Group (KAG), which resulted in reducing its shareholding in KAG from 100% to 48.8%. Concurrently, KAG acquired an additional 49.9% in Modesty Investment Holding Pte. Ltd (MIH) and an additional 72.3% in Kunshen Kensetsu Buhin Co. Ltd (KKB) which increased KAG's shareholding in each of these entities to 100% effective 1 August 2021.
The disposal and acquisition transactions were accounted for as a single transaction in terms of IFRS 10 - Consolidated Financial Statements. This has resulted in the acquisition of MIH and KKB as subsidiaries of KAG before the disposal of the controlling interest in KAG. An equity fair value valuation was performed on these entities and goodwill of R 599.5 million relating to MIH and R 105.2 million relating to KKB were recognized in the step acquisition. Refer to Note 42 of the consolidated financial statements for further detail.
IFRS 10 requires that on the date of loss of control, a parent must recognise any investment retained in the former subsidiary at its fair value. Any gain or loss on the transaction will be recorded in profit or loss. The remaining 48.8% investment in KAG resulted in a fair value gain on remeasurement of R399.9 million being recognised in profit or loss from discontinued operations. External valuation specialists were engaged by Group management to perform the KAG equity fair value valuation and the value was determined using a discounted cash-flow valuation model. Refer to Note 11 and Note 43 of the consolidated financial statements for further detail regarding the disposal of KAG.
The disposal of KAG was considered to be a Key Audit Matter due to the complexity of the disposal as a single transaction in terms of IFRS 10 and the significant judgements and assumptions, such as the discount rate, annual growth rates, working capital days and forecasted cashflows, made in determining the equity fair value of KAG.
</td><td>
Our audit procedures included the following:

Inspected the relevant contracts, minutes of board meetings and shareholder agreements and share certificates relating to the transaction;
With the assistance of our IFRS technical experts we reviewed management's IFRS 10 assessment for the accounting of the disposal of 51.2% in KAG and the acquisition of 49.9% in MIH and 72.3% in KKB, as a single transactions;
Agreed the purchase consideration to the relevant contracts and bank statements; and
Inspected the journal entries relating to the accounting for the various steps in the transaction to determine whether they were in accordance with the requirements of IFRS 10.

With the assistance of our internal valuation experts, we tested the reasonability of management's assumptions used in the valuation of the equity fair value of KAG by performing the following:

Our EY valuation specialists assessed the appropriateness of the principles and methodology applied by management in the model used to calculate the fair value of KAG;
We assessed the mathematical accuracy of the calculations in the discounted cash flow model;
We independently calculated the equity fair value of the investments in KAG, other than MIH and KKB, using EBITDA multiples;
We held discussions with management to understand the basis for the assumptions used;
We agreed the inputs into the discounted cashflow model to approved budgets, forecasts and actual results to determine the accuracy of the amounts used as inputs into the models;
We compared the key assumptions to the approved budgets and assessed the reasonableness by comparing to historical achievements. Key assumptions included growth rates, forecast EBITDA margins, net working capital, forecast CAPEX and the weighted average cost of capital used to discount the cash flows;
Our EY valuation specialists assessed the discount rates against external market references;
We assessed the objectivity, competence and capabilities of management's valuation experts with reference to their qualifications and professional experience in the relevant industry, and the scope of work as agreed with management;
We performed sensitivity analyses on the key assumptions applied by management in their discounted cash flow model to determine the impact that a reasonable expected change could have on the equity fair value valuation; and
We evaluated the completeness and accuracy of disclosure relating to the disposal of KAG to determine compliance with the requirements of IFRS 10: Consolidated Financial Statements, IAS 7: Statement of cash flows and IFRS 5: Non-current assets held for sale and discontinued operations.

</td></tr>
</table>

Independent auditor's report (continued)

for the year ended 31 March 2022

Other information

The directors are responsible for the other information. The other information comprises the information included in the 99-page document titled "Invicta Holdings Limited Audited Annual Consolidated Financial Statements for the year ended 31 March 2022", which includes the Approval of the consolidated financial statements, Certification by the Group company secretary, Audit and Risk Committee report, the Directors' Report, as required by the Companies Act of South Africa and the Shareholder Information, which we obtained prior to the date of this report, and the Integrated Annual Report and Invicta Holdings Limited separate financial statements, which is expected to be made available to us after that date. Other information does not include the annual consolidated financial statements and our auditor's reports thereon.

Our opinion on the annual consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the annual consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa**,** and for such internal control as the directors determine is necessary to enable the preparation of annual consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the annual consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual consolidated financial statements, including the disclosures, and whether the annual consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the annual consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the annual consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Invicta Holdings Limited for four years.

ERNST & YOUNG INC.
Director: Amelia Young
Registered Auditor
Chartered Accountant (SA)
23 June 2022

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2022

		31 March	
		2022	2021
	Notes	**R'000**	R'000
Continuing operations			
Revenue	3	**7,188,991**	6,251,484
Cost of sales		**(4,981,775)**	(4,259,699)
Gross profit		**2,207,216**	1,991,785
Expected credit gains/(losses) recognised on trade receivables	26	**4,800**	(1,904)
Expected credit gains recognised on loan receivables	21	**5,178**	8,643
Selling, administration and distribution costs		**(1,546,546)**	(1,413,349)
Operating profit before net finance income on financing transactions and foreign exchange movements	6	**670,648**	585,175
Finance income from financing transactions	4	**11,809**	19,160
Finance cost on financing transactions	4	**(7,637)**	(7,999)
Foreign exchange gains	5	**118,769**	241,549
Foreign exchange losses and costs	5	**(134,609)**	(245,408)
Operating profit		**658,980**	592,477
Finance cost	7	**(106,029)**	(194,526)
Dividends received		**–**	2,230
Equity accounted earnings from investment in associates	23	**6,378**	3,862
Equity accounted earnings from investment in joint ventures	24	**101,887**	–
Finance income	8	**26,436**	53,482
Profit before taxation		**687,652**	457,525
Taxation expense	9	**(166,836)**	(160,686)
Profit for the year from continuing operations		**520,816**	296,839
Discontinued operations			
Profit for the year from discontinued operations	11	**385,330**	79,233
Profit for the year		**906,146**	376,072
Other comprehensive loss			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		**(37,225)**	(251,103)
Changes in the fair value of borrowings	41	**–**	1,410
Other comprehensive loss		**(37,225)**	(249,693)
Total comprehensive income for the year		**868,921**	126,379

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2022

		31 March	
		2022	2021
	Notes	**R'000**	R'000
Profit attributable to:			
Owners of the parent - ordinary shares (continuing)		**440,278**	228,794
Owners of the parent - ordinary shares (discontinued operations)		**385,330**	79,233
Non-controlling interests		**23,285**	9,595
Owners of the parent - preference shares		**57,253**	58,450
Profit for the year		**906,146**	376,072
Total comprehensive income/(loss) attributable to:			
Owners of the parent - ordinary shares (continuing)		**402,630**	(11,644)
Owners of the parent - ordinary shares (discontinued operations)		**385,330**	79,233
Non-controlling interests		**23,708**	340
Owners of the parent - preference shares		**57,253**	58,450
Total comprehensive income for the year		**868,921**	126,379

Basic earnings per share from continuing operations (cents)	10	**408**	212
Basic earnings per share (cents)	10	**764**	285
Diluted earnings per share from continuing operations (cents)	10	**395**	206
Diluted earnings per share (cents)	10	**741**	277

Consolidated statement of financial position

as at 31 March 2022

	Notes	31 March 2022 R'000	2021 R'000
Assets			
Non-current assets			
Property, plant and equipment	13	**1,048,581**	887,574
Investment property	15	**116,198**	116,198
Right-of-use assets	14	**220,751**	245,782
Financial investments	16	**–**	972
Goodwill	17	**42,560**	3,391
Other intangible assets	18	**68,629**	41,539
Net investment in finance leases	20	**24,019**	75,915
Loan and other receivables	21	**157,037**	112,431
Derivatives - interest rate swaps	19	**11,008**	6,205
Investments in associates	23	**50,636**	8,059
Investments in joint ventures	24	**1,298,853**	–
Deferred taxation	9	**155,282**	174,842
		3,193,554	1,672,908
Current assets			
Inventories	25	**2,569,733**	2,149,182
Trade and other receivables	26	**1,288,443**	1,102,727
Net investment in finance leases	20	**59,904**	85,946
Loan and other receivables	21	**128,327**	110,939
Current taxation		**69,268**	32,498
Cash and cash equivalents	27	**582,354**	896,900
		4,698,029	4,378,192
Assets classified as held for sale	12	**6,251**	2,623,205
Total assets		**7,897,834**	8,674,305
Equity and liabilities			
Capital and reserves			
Ordinary share capital	28	**5,236**	5,574
Ordinary share premium	28	**2,516,172**	2,679,310
Treasury shares	28	**–**	(49,406)
Preference shares	30	**750,000**	750,000
Other reserves	31	**(29,883)**	(98,147)
Foreign currency translation reserve		**(205,540)**	381,498
Retained earnings		**1,593,958**	931,823
Equity attributable to owners of the parent		**4,629,943**	4,600,652
Non-controlling interests		**62,742**	125,436
Shareholders' equity		**4,692,685**	4,726,088

Consolidated statement of financial position

as at 31 March 2022

		31 March	
		2022	2021
	Notes	**R'000**	R'000
Liabilities			
Non-current liabilities			
Borrowings	32	**976,959**	737,634
Right-of-use lease liabilities	33	**201,457**	237,632
Finance lease liabilities	34	**22,201**	46,286
Deferred taxation	9	**26,045**	24,716
		1,226,662	1,046,268
Current liabilities			
Trade and other payables	36	**1,329,667**	1,074,980
Provisions	37	**208,910**	139,421
Current taxation		**25,946**	16,807
Dividends payable		**23,307**	27,230
Borrowings	32	**165,644**	548,836
Right-of-use lease liabilities	33	**74,831**	71,761
Finance lease liabilities	34	**33,911**	69,917
Profit share liability	35	**62,892**	79,624
Bank overdrafts	27	**53,379**	253,926
		1,978,487	2,282,502
Liabilities classified as held for sale	12	–	619,447
Total liabilities		**3,205,149**	3,948,217
Total equity and liabilities		**7,897,834**	8,674,305

Consolidated statement of changes in equity

for the year ended 31 March 2022

	31 March									
	Share capital	Share premium	Treasury shares	Preference shares	Other reserves*	Foreign currency translation reserve	Retained earnings	Attributable to equity shareholders	Non-controlling interests	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 31 March 2020	5,424	2,653,151	(49,406)	750,000	(102,542)	623,346	625,507	4,505,480	129,037	4,634,517
Total comprehensive income for the year	–	–	–	–	–	(241,848)	367,887	126,039	340	126,379
Profit for the period	–	–	–	–	–		366,477	366,477	9,595	376,072
Other comprehensive income for the period	–	–	–	–	–	(241,848)	1,410	(240,438)	(9,255)	(249,693)
Transactions with owners of the Company										
Contributions and distributions										
Ordinary shares issued	150	26,159	–	–	–	–	–	26,309	–	26,309
Preference dividends paid	–	–	–	–	–	–	(58,450)	(58,450)	–	(58,450)
Ordinary dividends paid	–	–	–	–	–	–	(2,253)	(2,253)	(6,986)	(9,239)
Other reserve movements	–	–	–	–	(38)	–	–	(38)	–	(38)
Equity-settled share-based payments	–	–	–	–	3,566	–	–	3,566	–	3,566
Transfer between reserves	–	–	–	–	256	–	(257)	(1)	–	(1)
Changes in ownership interests										
Disposal of subsidiary	–	–	–	–	611	–	(611)	–	2,842	2,842
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	203	203
Balance at 31 March 2021	5,574	2,679,310	(49,406)	750,000	(98,147)	381,498	931,823	4,600,652	125,436	4,726,088

Consolidated statement of changes in equity

for the year ended 31 March 2022

	31 March									
	Share capital	**Share premium**	**Treasury shares**	**Preference shares**	**Other reserves***	**Foreign currency translation reserve**	**Retained earnings**	**Attributable to equity shareholders**	**Non-controlling interests**	**Total**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Balance at 31 March 2021	**5,574**	**2,679,310**	**(49,406)**	**750,000**	**(98,147)**	**381,498**	**931,823**	**4,600,652**	**125,436**	**4,726,088**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(37,648)**	**882,861**	**845,213**	**23,708**	**868,921**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**882,861**	**882,861**	**23,285**	**906,146**
Other comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**(37,648)**	**–**	**(37,648)**	**423**	**(37,225)**
Transactions with owners of the Company										
Contributions and distributions										
Preference dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(57,253)**	**(57,253)**	**–**	**(57,253)**
Ordinary shares repurchased	**(338)**	**(163,138)**	**49,406**	**–**	**–**	**–**	**(34,052)**	**(148,122)**	**–**	**(148,122)**
Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(69,657)**	**(69,657)**	**(1,107)**	**(70,764)**
Other reserve movements	**–**	**–**	**–**	**–**	**(46)**	**–**	**(630)**	**(676)**	**–**	**(676)**
Equity-settled share-based payments issued	**–**	**–**	**–**	**–**	**10,775**	**–**	**–**	**10,775**	**–**	**10,775**
Equity-settled share-based payments cancelled	**–**	**–**	**–**	**–**	**(8,370)**	**–**	**8,370**	**–**	**–**	**–**
Transfer between reserves	**–**	**–**	**–**	**–**	**–**	**–**	**4,463**	**4,463**	**(4,463)**	**–**
Changes in ownership interests										
Disposal of subsidiary	**–**	**–**	**–**	**–**	**71,967**	**(549,390)**	**(71,967)**	**(549,390)**	**(287,455)**	**(836,845)**
Non-controlling interest arising on the issue of additional share capital in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**209,427**	**209,427**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**(6,062)**	**–**	**–**	**(6,062)**	**(2,804)**	**(8,866)**
Balance at 31 March 2022	**5,236**	**2,516,172**	**–**	**750,000**	**(29,883)**	**(205,540)**	**1,593,958**	**4,629,943**	**62,742**	**4,692,685**
Notes	**28**	**28**	**28**	**30**	**31**					

* Consists of a common control reserve, share-based payment reserve and other statutory reserves (note 31).

Consolidated statement of cash flows

for the year ended 31 March

	Notes	31 March 2022 R'000	2021 R'000
Cash flows from operating activities			
Cash generated from operations	38	**978,121**	1,856,936
Finance costs		**(106,413)**	(207,204)
Finance cost on financing transactions		**(7,739)**	(6,683)
Dividends paid to Group shareholders	39	**(130,989)**	(68,375)
Dividends paid to non-controlling interests		**(1,107)**	(6,986)
Taxation paid	40	**(183,489)**	(425,521)
Finance income		**24,791**	53,041
Finance income from financing transactions		**11,809**	19,160
Dividends received		**–**	2,230
Net cash inflow from operating activities		**584,984**	1,216,598
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment and other intangible assets		**126,225**	43,943
Additions to property, plant and equipment		**(122,544)**	(118,473)
Additions to intangible assets	18	**(8,263)**	(7,175)
Acquisition of subsidiaries and businesses	42	**(267,574)**	–
Acquisition of associate	23	**(37,389)**	–
Proceeds on disposal of subsidiaries (net of cash and cash equivalents disposed)	43	**(296,585)**	84,221
Dividend received from associate		**1,465**	–
Dividend received from joint venture		**24,821**	–
Funds lent in relation to long term receivables		**(75,230)**	(10,400)
Payments received from long term receivables		**108,888**	5,189
Net cash outflow from investing activities		**(546,186)**	(2,695)
Cash flows from financing activities			
Funding received in respect of borrowings	41	**1,300,134**	208,654
Principal repayment of borrowings	41	**(1,501,824)**	(1,123,277)
Funding received in respect of finance lease liabilities	41	**44,169**	120,190
Repayment of finance lease liabilities	41	**(104,190)**	(126,728)
Payment of right-of-use lease liabilities	33	**(75,807)**	(83,135)
Payment of profit share liability	41	**(6,350)**	–
Ordinary shares issued	28	**–**	26,309
Ordinary shares repurchased	28	**(148,122)**	–
Proceeds from issue of shares to non-controlling interests		**1,790**	–
Acquisition of non-controlling interests		**(8,866)**	203
Net cash outflow from financing activities		**(499,066)**	(977,784)
Net (decrease)/increase in cash and cash equivalents		**(460,268)**	236,119
Cash and cash equivalents at the beginning of the year		**998,966**	822,633
Effect of foreign exchange rate movement on cash balance		**(9,723)**	(59,786)
Cash and cash equivalents at the end of the year		**528,975**	998,966
Cash and cash equivalents			
Bank and cash balances	27	**582,354**	896,900
Bank overdrafts	27	**(53,379)**	(253,926)
Cash and cash equivalents of continuing operations	27	**528,975**	642,974
Cash and cash equivalents classified as held-for-sale	12	**–**	355,992
Total		**528,975**	998,966

Notes to the annual consolidated financial statements

for the year ended 31 March 2022

1. Significant accounting policies

1.1. Reporting entity

Invicta Holdings Limited (the "Company"), registration number 1966/002182/06, is a company incorporated and domiciled in South Africa. The registered address of the Company is 3 Droste Crecent, Droste Park Extension 7, Jeppestown, Johannesburg, 2001. The Company's shares are publicly traded on the Johannesburg Securities Exchange and the A2X. The annual consolidated financial statements of the Company for the year ended 31 March 2022 comprise the Company, its subsidiaries, associates and joint ventures (together referred to as the "Group"). The Company is the ultimate parent company of the Group.

The Group's principal activities includes the wholesale and distribution of engineering consumable goods, earthmoving and material-handling equipment, the supply and distribution of branded parts and equipment as well as the provision of technical services through its operating segments.

The annual consolidated financial statements were authorised for issue by the directors on 23 June 2022.

1.2. Basis of preparation and statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) interpretations, the Companies Act No. 71 of 2008, the Listing Requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The accounting policies are consistent with those applied in the prior periods unless otherwise stated.

The report was compiled under the supervision of Ms. N Rajmohamed, the Chief Financial Officer.

Functional and presentation currency

The annual consolidated financial statements are presented in Rand, which is also the functional currency of the Group, rounded to its nearest thousand (R'000) unless otherwise indicated.

The principal accounting policies adopted are set out below.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value and share-based payment reserves which are measured at fair value at the grant date.

Fair value measurement and valuation processes

The Group measures certain financial instruments at fair value at each reporting date (note 19 derivatives – interest rate swaps, note 35 profit share liability and note 36 Trade and other payables which references forward exchange contracts). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the annual consolidated financial statements are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date.
- Level 2 – inputs are inputs, other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised on a recurring basis, the Group determines whether transfers have occurred between the levels in the hierarchy by reassessing the categorisation at the end of each reporting period. Information about the valuation techniques and inputs used in determining the fair value is disclosed in note 46 financial instruments measured at fair value.

Notes to the annual consolidated financial statements (continued)

for the year ended 31 March 2022

1. Significant accounting policies (continued)

1.3. Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect recognised amounts of assets, liabilities, income and expenses and related disclosures. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Write-down of inventory to net realisable value

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value.

Obsolete, redundant and slow-moving items are identified on a regular basis and are written down to their estimated net realisable values. Inventory is aged according to the expected inventory sell-through rate and applied to the shelf life. Items that have exceeded the average shelf life are provided for in full. The amount of the write-down is recognised as an expense in profit or loss in the year in which it occurs.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write down is reversed, so that the new carrying amount is the lower of the cost and the revised net realisable value. The reversal is recognised in profit or loss.

The Group policy has been applied by the operating segments as follows:

CE and RSS: Earthmoving

- New and used equipment inventory is aged annually, based on the receipt date of the items on hand. All new capital equipment inventory is fully provided for over a period of 6 years, with no provision taken over the first two years, and provision raised over the next 4 years. All second-hand equipment inventory is fully provided for within 5 years of the receipt date.
- Parts are aged annually, based on the quantity of the various product categories on hand, relative to their life expectancy and relevant turnover indicators.

RSS: Industrial and RSS: Auto-agri

- Parts are aged annually, based on the quantity of the various product categories on hand, relative to their life expectancy and relevant turnover indicators. The economic impact of the COVID-19 pandemic, as well as a general refinement of the obsolescence methodology, led to a re-assessment of sell-through rates, and an increase in the obsolescence provision. Further items that have not moved in 3 years are provided for in full.

Measurement of expected credit loss allowance for trade receivables and loan receivables

The Group recognises an allowance for expected credit losses ("ECLs") on receivables. The loss rates applied to trade receivables, are based on days past due for groupings of various customer segments that have similar loss patterns by customer type and rating, and coverage by letters of credit and other forms of credit insurance. The impairment for trade receivables is measured using an ECL model using the simplified approach. ECLs are calculated using a provision matrix, which applies a historic loss ratio to the aged balance of trade receivables at each reporting date adjusted for forward-looking information.

The Group uses judgement in the assessment of loan receivables, based on the Group's past history with and specific knowledge of each debtor, existing market conditions as well as forward looking estimates at the end of each reporting period.

When measuring ECLs the Group uses reasonable and supportable forward-looking information based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group has considered quantitative forward-looking information such as inflation, interest and exchange rates, State infrastructure spend, expected GDP growth and extended payment terms granted. The impact of COVID-19 is considered across the Group and where applicable, the historic loss rate is adjusted for increased risk of non-recovery. In instances where there is no evidence of historical write-offs, management judgement is applied to assess potential write-offs.

1. Significant accounting policies (continued)

1.3. Significant accounting judgements, estimates and assumptions (continued)

Impairment testing of goodwill

The determination of whether goodwill is impaired requires that estimates be made of the recoverable amount of the Group's cash-generating units ("CGU's") to which goodwill has been allocated. To calculate the recoverable amount, the Group uses the greater of the fair value less costs to sell and the value in use. The group calculates the value-in-use by estimating the future cash flows from the CGU and applying a suitable discount rate in order to arrive at the present value of such future cash flows.

To calculate value-in-use, the discount rate is based on current observable market data including interest rates, equity risk premiums, debt to capital ratios and income taxation rates for similar assets in similar regions that reflect the time value of money and the risks specific to the CGU. Estimated inputs for cashflows relating to the revenue and expense forecasts require a significant amount of estimation as to the future performance of CGU's. Growth rates are based on objective assessments of external observable inflation data and long-term market forecast of growth rates. Goodwill is tested annually for impairment unless there are other indicators that goodwill might be impaired.

Refer to note 17 which sets out the inputs and assumptions used to calculate the recoverable amounts for the CGUs.

Critical judgements in determining the lease term and incremental borrowing rate for lessee accounting

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The present value of the right-of-use lease liability is determined using an incremental borrowing rate, where the rate implicit in the lease cannot be determined, representing the forecast local borrowing rates adjusted for the Group's average credit spread, in the period when the lease contract commences or is modified. The incremental borrowing rate is the rate of interest that the Group would have incurred over a similar term, and with a similar security, for the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Assessment of Control

An investor controls an investee if and only if the investor has all the following:

- power over the investee, which includes the investor's ability to control the relevant activities;
- exposure, or substantive rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Kian Ann Group - Joint Venture ("KAG")

Following the reduction of the Group's interest in KAG to 48.81%, a control assessment was performed in accordance with IFRS 11 *Joint Arrangements,* which determined the following*:*

- The Group participates in policy making processes including the appointment and remuneration of key management the approval of the Kian Ann Group's business plan and the approval of the annual budget; and
- No single party to the arrangement has control over relevant activities based on the split of shareholding and directorships arrangements per the shareholder agreement.

The Group concluded that it has met the conditions required for joint control in accordance with IFRS 11 *Joint Arrangements,* as decisions about relevant activities require unanimous consent of the parties sharing control, and has accounted for the transaction as an investment in joint venture applying the equity method.

1. Significant accounting policies (continued)

1.3. Significant accounting judgements, estimates and assumptions (continued)

Assessment of Control *(continued)*

Keletso Imare Bindzue Procurement Services (Pty) Ltd ("KIB")

The Group currently has no shareholding interest in KIB, as all shares are held by outside shareholders. In terms of a control assessment review in accordance with, IFRS 10 *Consolidated Financial Statements,* this entity is controlled by the Group. This assessment is dependent on the following contractual arrangements:

- The Group and KIB have a special relationship, and the Group rights indicate power over KIB.
- The operations of KIB are dependent on the Group, as KIB depends on the Group for critical services.
- A significant portion of KIB's activities are conducted with the Group.
- The Group's right to certain variable returns in the form of economic benefits the Group receives from conducting business with KIB, are not available to the shareholders.

The investment in this entity has therefore been recognised as an investment in a subsidiary and is consolidated in the Group's results in terms of IFRS 10 *Consolidated Financial Statements*. The Group's contract with KIB will no longer be in force for the 2023 financial year (note 50).

Africa Maintenance Equipment Rustenburg (Pty) Ltd ("Rustenburg"), Africa Maintenance Equipment Sekhukhune (Pty) Ltd ("Sekhukhune"), Africa Maintenance Equipment Amajuba (Pty) Ltd ("Amajuba"), Africa Maintenance Equipment Umhlathuze (Pty) Ltd ("Umhlathuze"), Africa Maintenance Equipment Matjhabeng (Pty) Ltd ("Matjhabeng"), Makona (Pty) Ltd ("Makona"), Africa Maintenance Equipment Madibeng (Pty) Ltd (formally Africa Maintenance Equipment Mooinooi (Pty) Ltd) ("Madibeng") and Africa Maintenance Equipment Thabazimbi (Pty) Ltd ("Thabazimbi") known collectively as the "AME's".

During the current year the Group sold its controlling stakes in Rustenburg, Makona and Madibeng. In addition to this the Group sold some of its BMG and Industri branches to Thabazimbi, Sekhukhune, Amajuba, Umhlathuze and Matjhabeng. The Group's remaining interests in Rustenburg, Makona, Madibeng, and Thabazimbi are held through its control of Industri Tools and Equipment (Pty) Ltd and its interests in Sekhukhune, Amajuba, Umlathuze and Matjhabeng are held through its control of Bearing Man Group (Pty) Ltd.

In terms of an IFRS 10 *Consolidated Financial Statements*, these entities are not controlled by the Group. This assessment of control is dependent on the following contractual arrangements with the above associates:

- No Group entity has majority voting rights directly or indirectly in the AMEs that will result in control of the AMEs.
- Supply contracts are negotiated directly with customers.
- Selling prices are determined by the AMEs.
- Each shareholder appoints one director for every 10% shareholding.
- The Group is not required to provide support services; where applicable the AMEs have elected to use the Group for specific support services.

The Group concluded that despite their shareholding, they do not have power over the investee as the relevant activities and decisions over those activities require 75% approval; this exceeds the Group interest in each case. The relevant activities are therefore controlled by the shareholders collectively and not by a single shareholder.

The investments in these entities have therefore been recognised as interests in associates and are equity accounted in the Group's results.

Fair value estimates of Modesty Investment Holdings Pte. Ltd. and subsidiaries ("MIH") and Kunshan Kensetsu Buhin Co. Ltd. ("KKB")

The simultaneous acquisition and disposal of the previously equity accounted investments MIH and KKB required the Group to determine the fair value of the equity accounted investments to re-measure the investments to fair value before the acquisition of MIH and KKB as subsidiaries of the Group. Furthermore, the Group was required to measure and recognise the remaining investment in Kian Ann Engineering (Pte) Ltd, after the loss of control as detailed in note 43, at fair value.

The fair value measurements were subject to estimates relating to the future EBITDA, capital expenditure and working capital of which the estimated future working capital requirements were assessed to be significant unobservable estimates. The valuations are significantly sensitive to changes in the working capital requirements relating to inventory, trade receivables and trade creditor days.

1. Significant accounting policies (continued)

1.3. Significant accounting judgements, estimates and assumptions (continued)

***Fair value estimates of Modesty Investment Holdings Pte. Ltd. and subsidiaries ("MIH") and Kunshan Kensetsu Buhin Co. Ltd. ("KKB")** (continued)*

The respective fair value measurements had an impact on the profit on the disposal and the acquisition fair value gains of the investments in MIH and KKB as per note 42 Acquisition of subsidiaries and note 43 Disposal of businesses and subsidiaries.

Purchase price allocations for the acquisitions of KMP Holdings Ltd, Modesty Investment Holdings Pte. Ltd. and subsidiaries ("MIH") and Kunshan Kensetsu Buhin Co. Ltd. ("KKB")

The purchase price allocation to customer relationships were subject to estimates relating to forecasted revenue from customers (including assessment of attribution/attrition factors and assumptions regarding margins) and the calculation of appropriate discount rates. The value of patents was based on the replacement cost of the technology that used estimates of fees relating to professional services, documentation and registration renewals.

Deferred taxation assets

Deferred taxation assets are recorded for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred taxation assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

In evaluating the Group's ability to recover deferred taxation assets in the jurisdiction from which they arise, all available evidence is considered, including projected future taxable income and results of the operations. Refer to note 9 which details the tax losses of the Group and deferred taxation assets recognised.

Impairment of non-financial assets other than goodwill

The Group reviews and tests the carrying value of property, plant and equipment and other intangible assets with finite useful lives when events or changes in circumstances suggest that the carrying amount may not be recoverable. In these instances, management determines the recoverable amount by performing a value-in-use and fair value less cost of disposal calculation. These calculations require the use of estimates and assumptions.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the forecasts and budgets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets being tested.

When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Impairment of financial assets other than trade receivables and loan receivables

The impairment allowances for financial assets other than trade receivables and loan receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Warranty provisions

The warranty provision is recognised on specific products sold during the past 3 financial periods, based on projections of expected warranty claims.

Share-based payments

Fair value at grant date is measured by use of the Black-Scholes model. The expected life used in these models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

1. Significant accounting policies (continued)

1.4. Revenue

Revenue from contracts with customers

The Group generates revenue primarily from the sale of goods and the provision of services to its customers. Other sources of revenue include rental income from owned and leased equipment.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts received on behalf of third parties. The Group recognises revenue when the performance obligations are met.

Sale of goods

The Group sells a range of goods including equipment, spare parts, engineering consumables and tools, and plastic pipe-ware and hardware.

Revenue from the sale of products is recognised when the goods are delivered to the agreed point of delivery, i.e., the agreed destination where control over the goods is transferred to the customer.

Some contracts permit the customer to return a product. For these contracts, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific products. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in trade and other payables (note 36) and the right to recover returned goods is included in inventory (note 25). The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

Rendering of services

The Group provides the following services:

- Maintenance and servicing of capital equipment; and
- Installation of gearboxes and pressure pumps.

Revenue is recognised over time as the services are performed except for servicing or repairs of capital equipment which is recognised once the service or repair work has been completed, i.e., with revenue recognised at that point in time.

Revenue from a contract to provide services is recognised when the performance obligations have been met, this could be as the services are rendered over a period of time or upon completion of the services. The performance obligations are determined as follows:

- installation fees are recognised during the period of time that the installation occurs;
- rendering of equipment servicing or repairs is recognised once the service or repair has been completed;
- contract maintenance revenue is recognised over the term of the contract;
- servicing fees included in the price of products sold are recognised in reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred and is recognised based on the stage of completion of the transaction, based on the proportion that costs incurred to date bear to the total costs of the project and cost-based input measure is in line with the performance obligations of IFRS 15 *Revenue from Contracts with Customers*.

Revenue from leases with customers

The Group, as lessor, enters into finance and operating leases with customers over construction equipment, forklifts and property. Rental income from operating leases is recognised on a straight-line basis over the lease term and is included in revenue.

1. Significant accounting policies (continued)

1.5. Cost of sales

When inventories are sold, the carrying amount is recognised as cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss, or reversal occurs. Any abnormal losses are recognised in other operating expenses. Labour costs, rebates and other directly attributable costs are included in cost of sales.

1.6. Dividend income

Dividend income from investments is recognised when the shareholder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

1.7. Finance income, finance income from financing transactions, finance cost on financing transactions and finance costs

These items include:

- Interest income
- Interest expense

Interest income or expense is recognised using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

1.8. Operating profit

Operating profit is the result generated from the Group’s continuing revenue-producing activities (considered core operations), thus excluding finance income, finance costs (except for finance income and finance costs on financing transactions as they form part of operating profit), and taxes. Operating profit also excludes, as non-core, any profit earned from the Group's financial investments and share of profit from equity-accounted investments.

1.9. Income taxes

Income taxes comprises current and deferred taxation.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and are therefore accounted for as interest and penalties under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and uncertain tax treatments under IFRIC 23 Uncertainty Over Income Tax Treatments.

Current taxation

Current taxation assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current taxation relating to items recognised directly in other comprehensive income or equity is also recognised in other comprehensive or equity.

1. Significant accounting policies (continued)

1.9. Income tax (continued)

Deferred taxation

Deferred taxation is recognised using the liability method on temporary differences at the reporting date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which deductible temporary differences, carry forward of unused taxation credits and unused taxation losses can be utilised.

Such deferred taxation assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred taxation assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised.

Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends, and is able to, settle its tax assets and liabilities on a net basis.

Dividends withholding tax (DWT)

Dividends withholding tax is a tax levied on the beneficial owner of the shares instead of the company. The tax is withheld by the company and is paid over to the South African Tax Authority on the beneficiaries' behalf. The resultant tax expense and liability has been transferred to the shareholder and is no longer accounted for as part of the tax charge for the company. Amounts not yet paid over to the South African Tax Authority are included in trade and other payables and the measurement of the dividend amount is not impacted by the withholding tax.

1.10. Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of finished goods and goods in transit, for both equipment and parts, is the landed cost of the goods plus the costs incurred to bring it to a selling location and is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion (where applicable) and costs necessary to make the sale.

The Group policy has been applied by the operating segments as follows:

- Raw materials are valued at average cost.
- The cost of finished goods and goods in transit, for both equipment and parts, is the landed cost of the goods plus the costs incurred to bring it to a selling location, calculated using the weighted average method.
- Work in progress is valued at actual cost including direct material costs, labour costs and manufacturing overheads.
- The cost of contracts in progress is the cost of the contract, less costs expensed proportionally to stage of payments received.

Write-downs to net realisable value and inventory losses are recognised in profit or loss in the reporting period in which the write-down or losses occur. Inventories are physically verified at least once a year through the performance of inventory counts and shortages identified are written off immediately.

Notes to the annual consolidated financial statements (continued)

for the year ended 31 March 2022

1. Significant accounting policies (continued)

1.11. Property, plant and equipment ("PPE")

Recognition and measurement

Items of property, plant and equipment (excluding capital work-in-progress ("WIP") and land) are initially measured at cost which includes capitalised borrowing costs and thereafter stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital WIP is initially measured at cost and thereafter stated at cost less any accumulated impairment losses.

Land is initially measured at cost and thereafter is stated at cost less accumulated impairment losses.

Capital WIP comprises items of property, plant and equipment either under construction or being assembled at the reporting date which are not yet ready for their intended use. When the relevant item of property, plant and equipment is completed and ready for its intended use it is transferred to the appropriate class of property, plant and equipment.

Operating lease assets comprise forklifts and machinery that are held for rental.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The profit or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost can reliably be measured.

At the end of each reporting period, the Group reviews the carrying value of property, plant and equipment to determine whether there is an indication of impairment. If there is an indication of impairment. the recoverable amount is estimated to determine the extent of the impairment loss. The recoverable amount is the higher of its fair value less costs to sell, and its value-in-use. An impairment loss is recognised in profit or loss.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. The residual values are considered negligible for all assets other than buildings. Land and capital work-in-progress are not depreciated.

The estimated useful lives of property, plant and equipment for the current period are as follows:

Land	–
Freehold buildings	Over the term of the lease
Plant and equipment	5 to 10 years
Leasehold improvements	Over the term of the lease
Motor vehicles	4 to 5 years
Furniture, fittings an office equipment	3 to 10 years
Computer equipment	3 years
Operating lease assets	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Where the residual values of owned land and buildings are estimated to approximate cost, these are not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Each asset is assessed on a continual basis with its current book value to be depreciated over the extended period of use, if any.

The useful lives of property, plant and equipment are based on management's estimation. On an annual basis management considers the impact of changes in technology, customer service requirements, availability of capital funding and required return on assets and equity to determine the optimum useful life expectation of each individual item of plant and equipment. The estimation of residual values of assets is based on what the entity would receive currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life.

1. Significant accounting policies (continued)

1.12. Investment property

Investment property is recognised as an asset when, it is probable that the future economic benefits that are associated with the investment property will flow to the Group, and the cost of the investment property can be measured reliably. Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

The group applies the cost model to all investment property. The fair value of investment property is estimated annually by management.

Depreciation is calculated to write off the cost of items of investment property less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss.

Investment property	20 years

The residual values are estimated to approximate cost and as a result these are not depreciated.

Impairment tests are performed on investment property when there is an indicator that they may be impaired. When the carrying amount of an item of investment property is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised in profit or loss to bring the carrying amount in line with the recoverable amount.

1.13. Goodwill and other intangible assets

Recognition and measurement

Goodwill

Goodwill arising on the acquisition of a business is measured on initial recognition at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree (if any), over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

Goodwill is assessed annually for impairment. For impairment testing, goodwill is allocated to each of the Group's CGU's (or groups of CGU's) that are expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

Goodwill is not amortised.

Other intangible assets

Other intangible assets, including computer software, re-acquired agency rights, distribution agreements, trademarks, brand names, non-compete agreements and customer relationships, that are acquired by the Group and have finite useful lives are initially measured at cost. Following initial recognition, other intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Re-acquired agency rights are recognised in relation to the agency's forecast trading results for the contracted lease period.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and can be reliably measured. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Impairment

Other intangible assets with finite lives are assessed for impairment whenever there is an indication that the asset may be impaired. Profits or losses arising from the derecognition of other intangible assets is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss when the asset is derecognised.

1. Significant accounting policies (continued)

1.13. Intangible assets and goodwill

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of other intangible assets. The estimated useful lives and amortisation methods are reviewed at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives for the current period are as follows:

Computer software	3 to 5 years
Re-acquired agency rights	Remaining contractual term
Distribution agreements	5 to 7 years
Trademarks, brand names, non-compete agreements	5 to 7 years
Customer relationships	5 to 7 years

1.14. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument, and these are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at FVTPL, are recognised immediately in profit or loss.

If the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, the Group recognises the difference as a gain or loss, in profit or loss if, that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. level 1 input) or based on a valuation technique that uses data only from observable markets. In all other cases, the difference is deferred at initial recognition and subsequently, that deferred difference is recognised as a gain or loss only to the extent that it arises from a change in a factor (such as time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement

Financial assets

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is subsequently measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may irrevocably elect to present subsequent changes in an equity investment's fair value in OCI ("FVOCI"). This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost, FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice.

1. Significant accounting policies (continued)

1.14. Financial instruments (continued)

***Classification and subsequent measurement** (continued)*

These include whether management's strategy focuses on:

- earning contractual interest income;
- maintaining a particular interest rate profile;
- matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

Financial assets – Subsequent measurement and gains and losses

Type	Subsequent measurement	Allocation of financial assets
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any finance or dividend income, are recognised in profit or loss.	-Derivative - interest rate swaps
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.	-Bank and cash balances -Loan receivables -Trade and other receivables -Net investment in finance leases

For the purposes of the Consolidated Statement of Cash flows, cash and cash equivalents comprise cash on hand, demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1. Significant accounting policies (continued)

1.14. Financial instruments (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities - Subsequent measurement and gains and losses

Type	Subsequent measurement	Allocation of financial liabilities
Financial liabilities at FVTPL	These liabilities are subsequently measured at fair value. Net gains and losses, including any interest expense, are recognised in profit or loss.	- Derivative - forward exchange contracts - Profit share liability
Financial liabilities at amortised cost	These liabilities are subsequently measured at amortised cost using the effective interest method. Finance costs and foreign exchange gains and losses are recognised in profit or loss.	- Borrowings - Bank overdrafts - Trade and other payables - Lease liabilities - Right-of-use lease liabilities

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

Derivative financial instruments comprise interest rate swaps and forward exchange contracts.

The Group uses derivative financial instruments including interest rate swaps (note 19) to partially hedge its exposure to interest rate risks arising from financing activities and foreign exchange contracts (note 36) to partially hedge its currency risks arising from foreign currency inventory purchase liabilities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. The hedge relationships of the derivatives are not designated as hedges for accounting purposes and as such are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value at the date the derivative contracts are entered into. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for through profit or loss. Directly attributable transaction costs are recognised in profit or loss when incurred.

1. Significant accounting policies (continued)

1.14. Financial instruments (continued)

***Derivative financial instruments** (continued)*

The fair value of derivatives is the estimated amount that the Group would receive or pay to terminate the derivative at the reporting date, taking into account the current relevant market conditions.

Derivate assets comprising interest rate swaps are disclosed separately on the face of the consolidated statement of financial position whilst derivative liabilities comprising forward exchange contracts, are included in trade and other payables.

Impairment

Financial instruments

The Group recognises ECLs on financial instruments measured at amortised cost including, trade and other receivables, loan receivables and net investment in finance leases.

The credit risk on cash and cash equivalents is assessed as low. The expected credit loss on cash and cash equivalents is negligible.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances on trade receivables and net investment in finance leases are always measured at an amount equal to lifetime ECLs. For loan receivables, the Group considers past history and specific knowledge of each debtor, existing market conditions as well as forward looking estimates at the end of each reporting period.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

1. Significant accounting policies (continued)

1.14. Financial instruments (continued)

Measurement of ECLs

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

1.15. Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event and:

- it is probable that the Group will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Warranty provision

A provision for warranties is recognised when the underlying products are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities. This provision relates to assurance warranties which provides the customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications.

The expected future cash flows are discounted at the pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the liability. The unwinding of the discount is recognised in finance costs.

Employee incentive provisions

The provisions for discretionary employee incentives that represent the amount that the Group has a present obligation to pay as a result of performance up to the reporting date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

1.16. Earnings per share

The Group presents basic, diluted basic, headline and diluted headline earnings per share.

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

Headline earnings per share is calculated by dividing the headline earnings, calculated in terms of Circular 1/2021 issued by the SAICA, by the weighted average number of ordinary shares in issue during the year.

The dilution of the basic and headline earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year for the options granted which are "in the money" at the reporting date.

1. Significant accounting policies (continued)

1.17. Basis of consolidation and business combinations

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (refer note 1.13). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Common control transactions

Transactions in which combining entities are controlled by the same party or parties before and after the transaction, and that control is not transitory, are referred to as common control transactions. Where there are common control transactions in the Group, predecessor (book value) accounting is applied.

In applying predecessor accounting any difference between the considerations paid and the capital of the acquiree is recognised in a common control transaction reserve (included in other reserves) in equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses.

1. Significant accounting policies (continued)

1.17. Basis of consolidation (continued)

Interests in equity-accounted investees *(continued)*

On acquisition, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment after reassessment is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.18. Leases

The Group has the following leases:

- Construction equipment is leased on finance lease from the bank for the purpose of leasing to customers, with the liability recorded at the present value of future minimum lease payments. Interest is accounted over the term of the lease, at a fixed rate per lease, on the remaining balance of the liability through profit or loss.
- Property, equipment and motor vehicles are leased on right-of-use leases, initially recorded at the present value of future minimum lease payments. Interest is accounted over the term of the lease, at a fixed rate per lease, on the remaining balance of the liability through profit or loss.

As lessee

The Group has two distinct types of leases. They have been classified as right-of-use leases and finance leases.

Right-of-use leases

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a right-of-use lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the right-of-use lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The Group presents right-of-use assets and right-of-use lease liabilities as separate reporting items in the statement of financial position.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option.

1. Significant accounting policies (continued)

1.18. Leases (continued)

***As lessee** (continued)*

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the right-of-use lease liability. The terms for property leases range from 3 -10 years and the terms for motor vehicles and equipment ranges from 2 – 3 years.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group's incremental borrowing rate is determined on a lease category basis where leases of the same nature will be allocated the same rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the type of asset leased, along with the terms of the lease in a similar economic environment and with similar security.

Lease payments included in the measurement of the right-of-use lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured using the incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the right-of-use lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Finance leases

The Group finances certain capital equipment transactions to customers at market related interest rates, resulting in the recognition of a finance lease receivable (note 20). Matched by a finance lease liability (note 34). A proportion of these lease transactions are discounted with the Group's external banking partners. The financed asset consequently serves as security for the lease transactions.

The cash flows from the finance lease receivables are included in the cash flows from operating activities.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and right-of-use lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

1. Significant accounting policies (continued)

1.18. Leases (continued)

***As a lessor** (continued)*

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains a lease and non-lease components, then the Group applies IFRS 15 *Revenue from Contracts with Customers*, to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 *Financial Instruments*, to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of “Other revenue”.

1.19. Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

1.20. Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented separately.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated from local currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated from local currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

1. Significant accounting policies (continued)

1.21. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

The Group enters into equity-settled share-based payments awards with executive directors who are beneficiaries of the long-term bonus and share incentive right scheme ("LBSIR scheme"). Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market-based vesting conditions) of the equity instruments issued at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed in profit or loss on a straight-line basis over the vesting period with a corresponding increase in share-based payment reserve included in equity, based on the Group's estimate of equity instruments that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The cumulative expense is recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Full share grants awarded is determined based on the difference between the grant price and the five-day volume weighted average market price on the exercise date and may be settled by way of a purchase of shares in the market, use of treasury shares or issue of new shares. If new shares are issued to equity-settle full share grants, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The effect of all full share grants issued under the share-based compensation plans are taken into account when calculating diluted earnings and diluted headline earnings per share, unless they are anti-dilutive.

At settlement the net settlement arrangement is designed to meet the Group's obligation under tax laws and regulations to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment. This amount is then transferred, normally in cash, to the tax authorities on the employee's behalf.

To fulfil this obligation, the terms of the share-based payment arrangement may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise (or vesting) of the share-based payment ('net share settlement feature'). Where transactions meet the criteria, they are not divided into two components but are classified in their entirety as equity-settled share-based payment transactions, if they would have been so classified in the absence of the net share settlement feature.

Refer to note 44 for details of share-based payments.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.22. Share Capital

Ordinary shares and share premium

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

Repurchase and reissue of ordinary shares (treasury shares)

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity and is recognised in the treasury shares reserve. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued or sold, is recognised in the share premium.

1. Significant accounting policies (continued)

1.22. Share Capital (continued)

Preference shares

Non-redeemable preference shares are classified as equity because they do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments.

Cumulative dividends thereon are recognised as equity distributions on approval by the Company's directors. The preference shares do not have any voting rights.

1.23. Operating segments

The determination of operating segments is based on components of the Group that engage in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Each operating segment's operating results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. Business operations considered to be immaterial to the Group (less than 10% of revenues, profit or loss and assets and liabilities), are aggregated within the reportable segments identified, as described below, based on the economic characteristics of the products and services offered.

The reporting basis used by the Group Executive Committee for interventions and resource allocations has been changed by the combined impact of the following transactions: sale of the controlling interest in Kian Ann, the disposal of the SAMRAND property, and the sale of the agricultural and earthmoving divisions in the prior financial period.

Consequently the Group has determined the following operating segments for 2022 and the comparatives have been re-presented:

- Replacement parts, services and solutions – RSS: Industrial
- Replacement parts, services and solutions – RSS: Auto-agri
- Capital equipment - CE
- Replacement parts, services and solutions – Earthmoving – RSS: Earthmoving
- Kian Ann Group
- Corporate

Transactions between segments follow the Group's accounting policies.

All segments are operating within South-Africa, Asia, North America and some parts of Africa and Europe.

1.24. Non-current assets (disposal groups) held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less cost to sell (distribute).

A non-current asset is not depreciated (or amortised) while it is classified as held for sale (distribution to owners), or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

1. Significant accounting policies (continued)

1.25. Standards and Interpretations that are effective

The Group has applied the following amendments which became effective for the current financial period:

Standards and amendments:	Effective date:
Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosure*, IFRS 16 *Leases* and IFRS 4 *Insurance Contracts*: Interest rate Benchmark Reform – Phase 2	1 January 2021
Amendments to IFRS 16 Leases: Covid-19-related Rent Concessions beyond 30 June 2021	1 April 2021

Group loans are currently denominated using 3 month LIBOR which phases out in June 2023, there is no financial impact as the Group loan will be fully settled by February 2023. The Group is however exposed to JIBAR on term loans and interest rate swaps and is monitoring developments to identify an alternative benchmark rate.

None of these amendments have had a material impact on the consolidated financial statements.

1.26. Standards and Interpretations not yet effective

At the date of authorisation of these financial statements, the following standards and amendments were in issue but not yet effective:

Standards and amendments:	Effective date:
IFRS 1 *First-time Adoption of International Financial Reporting Standards**: Annual improvements to IFRS Standards 2018-2020	Annual periods beginning on or after 1 January 2022
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date of this amendment has been deferred indefinitely until further notice
Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*: Costs of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022
Amendments to IFRS 3 *Business Combinations*: Reference to the Conceptual Framework	Annual periods beginning on or after 1 January 2022
Amendments to IAS 1 *Presentation of financial statements* and IFRS Practice Statement 2 *Making Materiality Judgements*: Disclosure of Accounting Policies	Annual periods beginning on or after 1 January 2023
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates	Annual periods beginning on or after 1 January 2023
Amendments to IAS 16 *Property, Plant and Equipment*: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022
Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023
Annual improvements project (cycle 2018 – 2020) IFRS 9 *Financial Instruments*: Fees in the 10 per cent Test for Derecognition of Financial Liabilities	Annual periods beginning on or after 1 January 2022

The amendments and changes from the annual improvement project, are not expected to have a material impact on the consolidated financial statements. The Group plans to adopt these amendments and improvements as they become effective.

2. Operating segments

The Group determines and presents operating segments based on the information that is provided internally to the Group Executive Committee.

The comparative disclosures presented below in notes 2.1 through to note 2.4, have been represented for the change in operating segments (refer to note 1.23).

The Group has the following reportable operational segments:

Reportable segments	Operations
Replacement parts, Services, & Solutions: Industrial (RSS: Industrial)	Wholesaler of engineering consumables, tools & equipment and belting and provider various technical services operating in Africa and Asia.
Replacement parts, Services & Solutions: Auto-agri (RSS: Auto-agri)	Supplier of imported and local automotive components operating in South Africa and Europe.
Capital equipment (CE)	Wholesale and retail distributor of construction equipment, forklifts and related OEM parts and components operating in South Africa.
Replacement parts, Services & Solutions: Earthmoving equipment (RSS: Earthmoving)	Suppliers of after-market replacement spare parts for earthmoving equipment, ground engaging tools and undercarriage parts, as well as spare parts for heavy-duty diesel engine for industrial and agricultural machinery operating in South Africa, Europe and America.
Kian Ann Group (Joint Venture)	Manufacture and distributor of heavy machinery parts and diesel engine components operating in Asia, America and Canada.
Corporate Group	Comprises MacNeil Plastics and Group support services including financing, investment, and property operating in South Africa.

Monthly operating segment operating results are reviewed by the Group Executive Committee, this review forms the basis of the executive interventions and resource allocations.

2.1 Segment revenue

The following is an analysis of the Group's revenue and results from operations by reportable segments:

	31 March			
	Sale of goods	Rendering of services	Rental income	Total
2022	**R'000**	**R'000**	**R'000**	**R'000**
RSS: Industrial	**4,431,150**	**5,470**	**–**	**4,436,620**
RSS: Auto-agri	**517,825**	**528**	**–**	**518,353**
Capital equipment	**779,041**	**68,608**	**214,445**	**1,062,094**
RSS: Earthmoving	**547,397**	**–**	**–**	**547,397**
Corporate Group	**600,906**	**–**	**35,732**	**636,638**
Inter-segment elimination	**(12,111)**	**–**	**–**	**(12,111)**
Total continuing operations	**6,864,208**	**74,606**	**250,177**	**7,188,991**
Discontinued operations	**461,233**	**–**	**–**	**461,233**
Total	**7,325,441**	**74,606**	**250,177**	**7,650,224**
2021*				
RSS: Industrial	4,089,436	3,603	–	4,093,039
RSS: Auto-agri	434,964	–	–	434,964
Capital equipment	767,696	68,110	73,567	909,373
RSS: Earthmoving	392,327	–	–	392,327
Corporate Group	433,303	(2)	17,605	450,906
Inter-segment elimination	(9,767)	(19,358)	–	(29,125)
Total continuing operations	6,107,959	52,353	91,172	6,251,484
Discontinued operations	2,901,340	35,963	52	2,937,355
Total	9,009,299	88,316	91,224	9,188,839

* Represented

Geographical information

South African operations comprise 83.4% (2021: 86.05%) of the Group revenue from continuing operations, with 11.3% (2021: 10.55%) being operations throughout the rest of Africa and 5.3% (2021: 3.4%) derived in Europe and US.

2. Operating segments (continued)

2.2 Profit or loss

	31 March: Segment operating profit/(loss) before interest on financing transactions and foreign exchange movements		Profit/(loss) before taxation	
Profit or loss	**2022 R'000**	2021* R'000	**2022 R'000**	2021* R'000
RSS: Industrial	**332,208**	297,894	**240,389**	174,211
RSS: Auto-agri	**94,222**	77,465	**83,851**	70,243
Capital Equipment	**113,393**	186,650	**122,113**	193,565
RSS: Earthmoving	**68,988**	55,813	**67,475**	63,339
Kian Ann Group	**–**	–	**77,066**	–
Corporate Group	**61,837**	(32,645)	**96,758**	(43,833)
Total continuing operations	**670,648**	585,177	**687,652**	457,525
Discontinued operations	**411,768**	70,060	**390,892**	128,463
Total	**1,082,416**	655,237	**1,078,544**	585,988

For the purposes of monitoring segment performance, the impairment of goodwill and intangible assets and the amortisation of intangible assets (excluding computer software) have been represented in the applicable operational segments as the returns on those assets are included in the individual segment results.

2.3 Segment assets and liabilities

	31 March: Segment assets		Segment liabilities	
Segment assets and liabilities	**2022 R'000**	2021* R'000	**2022 R'000**	2021* R'000
RSS: Industrial	**3,527,709**	3,344,822	**1,416,828**	1,713,354
RSS: Auto-agri	**379,378**	371,157	**113,407**	95,500
Capital Equipment	**899,191**	1,106,915	**346,379**	455,139
RSS: Earthmoving	**705,779**	256,453	**279,823**	94,073
Kian Ann Group	**1,298,853**	–	**–**	–
Corporate Group	**1,080,673**	971,753	**1,048,712**	970,704
Total continuing operations	**7,891,583**	6,051,100	**3,205,149**	3,328,770
Assets/liabilities classified as held for sale	**6,251**	2,623,205	**–**	619,447
Total assets and liabilities	**7,897,834**	8,674,305	**3,205,149**	3,948,217

For the purposes of monitoring segment performance, goodwill, financial assets, deferred and current tax assets and liabilities and investments in associates and joint ventures have been represented in the applicable operational segments as the returns on those assets and liabilities are included in the individual segment results.

2.4 Other segment information

	31 March: Depreciation and amortisation		Additions to property, plant and equipment and intangible assets	
Other segment information	**2022 R'000**	2021* R'000	**2022 R'000**	2021* R'000
RSS: Industrial	**146,983**	171,915	**41,467**	19,215
RSS: Auto-agri	**8,709**	6,270	**3,596**	57,056
Capital Equipment	**44,618**	42,715	**7,910**	19,195
RSS: Earthmoving	**14,231**	9,546	**2,458**	1,694
Kian Ann Group	**–**	–	**–**	8,637
Corporate Group	**(22,484)**	(26,085)	**194,812**	19,851
Total continuing operations	**192,057**	204,361	**250,243**	125,648
Discontinued operations	**10,826**	44,465	**2,049**	–
Total	**202,883**	248,826	**252,292**	125,648

* Represented

Customers

The Group has not reported segment information by customer as no customer contributes in excess of 4% of the Group's total revenue.

	31 March 2022 R'000	31 March 2021 R'000
3. Revenue		
Type of products and service		
Revenue from contracts with customers		
Sale of goods	**6,864,208**	6,107,959
-Equipment and parts	**1,543,169**	1,157,272
-Engineering consumables and tools	**4,882,751**	4,618,100
-Plastic pipe ware and hardware	**438,288**	332,587
Rendering of services	**74,606**	52,353
Other revenue		
Rental income	**250,177**	91,172
External revenue	**7,188,991**	6,251,484
Timing of revenue recognition		
Goods and services transferred at a point in time	**6,870,206**	6,122,220
Services transferred over time	**68,608**	38,092
Rental income	**250,177**	91,172
External revenue	**7,188,991**	6,251,484

Geographical sales

South African operations and other African operations comprise 83.4% and 11.3% of Group revenue respectively, with the remaining 5.3% being operations in Europe and US. Please refer to note 2 for disaggregation of revenue per operating segment.

4. Finance income and finance costs on financing transactions

	2022 R'000	2021 R'000
Finance income from financing transactions		
Finance income on finance lease assets	**11,809**	19,160
Finance costs on financing transactions		
Finance costs on finance lease liabilities	**(7,637)**	(7,999)

The Group finances certain capital equipment transactions to customers at market related interest rates, resulting in the recognition of a finance lease receivable (refer to note 20). Refer to note 34 for the finance lease liability. A proportion of these lease transactions are discounted with the Group's external banking partners. The financed asset consequently serves as security for the lease transactions.

5. Foreign exchange gains, losses and costs

	2022 R'000	2021 R'000
Foreign exchange gains		
Foreign exchange gains on trade assets and liabilities	**118,211**	241,549
Foreign exchange gains on borrowings	**558**	–
Total	**118,769**	241,549
Foreign exchange losses and costs		
Foreign exchange losses on trade assets and liabilities	**(127,528)**	(240,887)
Foreign exchange losses on borrowings	**(552)**	–
Foreign exchange contract costs	**(6,529)**	(4,521)
Total	**(134,609)**	(245,408)

Notes to the annual consolidated financial statements (continued)

for the year ended 31 March 2022

	31 March	
	2022	2021
6. Operating profit from continuing operations	**R'000**	R'000
Operating profit from continuing operations includes the following:		
Income		
Profit on disposal of property, plant and equipment	**11,443**	1,996
Profit on disposal of a business/investment	**68,714**	98,576
Profit on derecognition of right-of-use assets and right-of-use lease liabilities	**6,593**	7,241
Fair value adjustment on profit share liability	**9,266**	–
Fair value adjustment - interest rate swaps	**4,803**	6,205
Expenses		
Depreciation	**93,153**	89,295
– Buildings	**1,712**	347
– Plant and equipment	**27,148**	22,373
– Leasehold improvements	**5,217**	4,947
– Motor vehicles	**13,055**	10,744
– Furniture, fittings and office equipment	**13,192**	14,277
– Computer equipment	**6,999**	9,068
– Operating lease assets	**25,830**	27,539
Amortisation of other intangible assets	**23,339**	32,459
– Computer software	**20,349**	16,711
– Reacquired agency rights	**1,773**	753
– Distribution agreements	**372**	9,274
– Trademarks, brand names and non-compete agreements	**50**	42
– Contractual and non-contractual customer relationships	**795**	5,679
Depreciation of right-of-use assets	**75,565**	82,606
– Land and buildings	**59,698**	60,900
– Motor vehicles	**13,875**	19,437
– Equipment	**1,992**	2,269
Expenditure resulting from the lease of short-term assets	**9,471**	8,040
Expenditure resulting from the lease of low value assets	**1,407**	708
Expenditure resulting from the leases with variable lease payments	**6,990**	14,339
Impairment of property, plant and equipment	**398**	3,396
Impairment of goodwill	**–**	21,456
Fair value adjustment on profit share liability	**–**	4,557
Loss on disposal of a business/investment	**5,660**	2,041
Loss on disposal of property, plant and equipment	**3,189**	4,507
Auditors' remuneration	**17,987**	14,141
– Current year	**17,285**	13,351
– Prior year	**702**	790
Employment benefit expense	**1,085,934**	900,276
– Short-term employee benefit expense	**1,018,503**	855,696
– Defined contribution plan expense	**56,656**	41,014
– Equity settled share-based payment expense	**10,775**	3,566

The Group had total cash outflows from right-of-use lease liabilities of premises, motor vehicles and equipment amounting to R101 million (2021: R121 million).

The Group had total cash outflows from short term, variable and low value leases of premises, motor vehicles and equipment amounting to R17.8 million (2021: R23 million) from continuing operations.

7. Finance cost

Bank overdrafts and loans	**(7,996)**	(22,217)
Borrowings	**(71,569)**	(139,711)
Right-of-use lease liabilities	**(26,464)**	(32,598)
Total	**(106,029)**	(194,526)

Notes to the annual consolidated financial statements (continued)

for the year ended 31 March 2022

	31 March	
	2022	2021
8. Finance income	**R'000**	R'000
Bank	**16,165**	47,674
Trade and other receivables	**10,271**	5,808
Total	**26,436**	53,482

Finance income is determined using the effective interest rate method.

9. Income taxation

	2022	2021
Current taxation		
– current year	**102,481**	132,863
– prior year ^	**(169)**	(13,094)
Deferred taxation		
– current year	**6,048**	4,000
– prior year	**2,193**	7,359
– tax rate change	**5,029**	–
Withholding tax	**1,839**	2,028
Share transfer tax	**497**	–
Current taxation in foreign jurisdictions	**48,918**	27,530
Tax expense for continuing operations	**166,836**	160,686
Reconciliation of effective tax rate	**%**	%
Tax rate using the Group's domestic tax rate	**28.0**	28.0
Changes in tax rates	**0.9**	–
Profit on disposal of subsidiary	**(1.3)**	0.1
Share in profit of associates and joint ventures	**(4.4)**	(0.2)
Tax effect of exempt / non-taxable income:		
Dividends received and accrued	**–**	(0.1)
Employee tax incentive	**(0.1)**	(0.1)
Learnership allowances	**(0.6)**	(0.3)
Fair value adjustments	**–**	0.1
Profit share liability revaluation	**(0.4)**	0.1
Other permanent differences and exempt income**	**0.1**	1.1
Taxation effect of non-deductible expenses:		
Preference share dividends	**–**	–
Consulting, legal and secretarial fees	**0.5**	0.3
Amortisation of agency rights	**0.1**	–
Leasehold depreciation	**0.1**	0.2
Penalties and interest	**0.1**	0.7
Impairment	**0.5**	1.5
Expenditure apportioned due to exempt income	**–**	0.5
Foreign taxation:		
Effect of tax rates in foreign jurisdictions	**1.9**	0.8
Capital gains tax differential	**(1.9)**	(1.0)
Prior year taxation adjustments	**0.1**	(2.7)
Dividend withholding tax	**0.3**	0.4
Tax losses where no deferred taxation asset has been recognised	**1.2**	2.5
Tax losses utilised where no deferred taxation asset previously recognised	**(0.8)**	–
Deferred taxation not realised on disposal of business to CNH	**–**	3.2
Effective tax rate	**24.3**	35.1

**Other permanent differences and exempt income comprise foreign statutory disallowed expenses and exempt income, value added tax disallowed and capital costs of the disposal of going concern.

The directors of the Group have applied appropriate judgement in assessing the tax treatment of instruments in the tax computations and that the Group has reasonable taxation provision for any potential exposures.

The balance on the tax settlement of R750 million was fully settled in 2021.

9. Income taxation (continued)

Deferred taxation	31 March 2022 R'000	2021 R'000
Balance at the beginning of the year	**150,126**	172,608
Acquisition of subsidiaries	**(5,218)**	–
Foreign currency translation	**1,760**	(4,113)
Disposal of subsidiaries	**(3,531)**	(336)
Charge from the statement of comprehensive income - standard tax rate	**(8,241)**	(8,985)
Charge from the statement of comprehensive income - change in tax rate	**(5,029)**	–
Charged directly to equity	**(630)**	1,713
Classified as assets held for sale	**–**	(10,761)
Balance at the end of the year	**129,237**	150,126
Comprising:		
Capital allowances	**(37,444)**	(49,402)
Tax losses available for set off against future taxable income	**16,128**	24,046
Provisions	**126,817**	150,014
Other temporary differences*	**23,736**	25,468
Total	**129,237**	150,126
Presented as:		
Deferred taxation asset	**155,282**	174,842
Deferred taxation liability	**(26,045)**	(24,716)
Total	**129,237**	150,126

*Other temporary differences comprise right of use lease liabilities, foreign currency adjustments, legal allowances, finance lease receivables and liabilities.

Estimated tax losses within the Group amount to R57.6million (2021: R85.9 million). A deferred taxation asset of R16.1 million (2021: R24.0 million) has been recognised with respect to these tax losses. The directors are of the opinion that based on the cash flow forecasts, the entities will make sufficient taxable profits to utilise the tax losses in the foreseeable future.

Tax losses for the current financial year, where no deferred taxation asset was recognised amount to R29.9 million (2021: R29.5 million).

10. Earnings per share

	31 March 2022 cents	2021 cents
Basic earnings per share from continuing operations	**408**	212
Basic earnings per share	**764**	285
Diluted earnings per share from continuing operations	**395**	206
Diluted earnings per share	**741**	277
Headline earnings per share from continuing operations	**343**	172
Headline earnings per share	**330**	316
Diluted headline earnings per share from continuing operations	**333**	167
Diluted headline earnings per share	**320**	307
Ordinary shares ('000)		
In issue	**104,727**	111,495
Weighted average	**108,020**	107,939
Diluted weighted average	**111,425**	111,050

The 3,405,164 (2021: 3,111,000) weighted average share-based payment options relating to tranches 16, 17 and 18 (2021: tranches 16 and 17), issued to executive directors as detailed in note 44, have been assessed and are included in the diluted weighted average number of ordinary shares. The other remaining share-based payment option tranches (13, 14 and 15) are non-dilutive, as the options are currently 'out of the money'.

10. Earnings per share (continued)

	31 March 2022 R'000	2021 R'000
Earnings per share (continued)		
Profit from continuing operations attributable to owners of the parent	**440,278**	228,794
Adjusted for: Profit for the year from discontinued operations	**385,330**	79,233
Profit for the year attributable to owners of the parent - ordinary shares	**825,608**	308,027
Headline earnings		
Profit from continuing operations attributable to owners of the parent - ordinary shares	**440,278**	228,794
Headline earnings adjustments from continuing operations		
Adjustments for:		
Profit on disposal of property, plant and equipment	**(11,443)**	(1,996)
Less: Taxation thereon	**(6,861)**	561
Less: Other shareholders interest thereon	**47**	15
Loss on disposal of property, plant and equipment	**3,189**	4,507
Less: Taxation thereon	**(848)**	(1,155)
Profit on disposal of a business/investment	**(68,714)**	(98,596)
Less: Taxation thereon	**9,168**	26,561
Loss on disposal of investment	**5,660**	2,041
Impairment of goodwill	**–**	21,456
Impairment of property, plant and equipment	**398**	3,396
Headline earnings from continuing operations	**370,874**	185,584
Profit for the year from discontinued operations	**385,330**	79,233
Headline adjustments from discontinued operations		
Adjustments for:		
Profit on disposal of property, plant and equipment	**–**	(1,074)
Less: Taxation thereon	**–**	292
Loss on disposal of property, plant and equipment	**–**	37
Less: Taxation thereon	**–**	(6)
Fair value gain on re-measurement of joint ventures	**(399,919)**	–
Profit on disposal of investment	**–**	(1,818)
Less: Taxation thereon	**–**	309
Loss on disposal of investment	**–**	2,086
Less: Taxation thereon	**–**	(355)
IFRS 5 impairment of disposal group	**–**	76,864
Headline earnings	**356,285**	341,152

11. Discontinued operations

The transactions leading to the classification of the results from the Kian Ann Group as discontinued in the current and prior financial period and classified as held for sale in the prior financial period, are fully described in note 12. The Kian Ann Group was disposed during the current financial period, effective 1 August 2021 (note 43).

	31 March	
	The Kian Ann Group	Total
2022	**R'000**	**R'000**
Profit for the year from discontinued operations		
Revenue	461,233	461,233
Cost of sales	(360,711)	(360,711)
Gross profit	100,522	100,522
Expected credit losses recognised on trade receivables	5,969	5,969
Fair value adjustment on put and call options *	(17,235)	(17,235)
Fair value gain on remeasurement of investment in joint venture	399,919	399,919
Selling, administration and distribution costs	(77,407)	(77,407)
Operating profit before net finance income on financing transactions and foreign exchange movements	411,768	411,768
Finance costs from financing transactions	(84)	(84)
Foreign exchange losses and costs	(6,522)	(6,522)
Operating profit	405,162	405,162
Finance costs	(2,556)	(2,556)
Equity accounted earnings from investment in joint ventures	(12,587)	(12,587)
Finance income & dividends received	873	873
Profit before taxation	390,892	390,892
Taxation expense	(5,562)	(5,562)
Profit for the year from discontinued operations	385,330	385,330
Total comprehensive income for the year from discontinued operations	385,330	385,330
	cents	cents
Basic earnings per share from discontinued operations	357	357
Diluted earnings per share from discontinued operations	346	346

* The put and call options on investments in joint ventures lapsed on the acquisition of the subsidiaries of KAG and as a result, the put and call option assets were recognised in profit or loss.

	The Kian Ann Group	Total
2022	**R'000**	**R'000**
Cash flows from discontinued operations		
Net cash outflow from operating activities	(94,834)	(94,834)
Net cash outflow from investing activities	(286,558)	(286,558)
Net cash inflow from financing activities	34,992	34,992
Effect of foreign exchange rate movement on cash balance	(8,999)	(8,999)
Net cash outflows attributable to discontinued operations	(355,399)	(355,399)

11. Discontinued operations (continued)

CEG agricultural and earthmoving divisions

This operating division was classified as discontinued in the prior financial period. The effective date of the Disposal was 31 December 2020, (note 43).

	31 March		
	CEG agricultural and earthmoving divisions	The Kian Ann Group	Total
2021	R'000	R'000	R'000
Profit/(loss) for the year from discontinued operations			
Revenue	1,520,142	1,417,213	2,937,355
Cost of sales	(1,202,509)	(1,150,225)	(2,352,734)
Gross profit	317,633	266,988	584,621
Expected credit losses recognised on trade receivables	(469)	(12,560)	(13,029)
Fair value adjustment on assets held for sale	–	(76,864)	(76,864)
Selling, administration and distribution costs	(187,943)	(236,725)	(424,668)
Operating profit/(loss) before net finance income on financing transactions and foreign exchange movements	129,221	(59,161)	70,060
Finance income from financing transactions	1,008	–	1,008
Finance costs from financing transactions	(512)	–	(512)
Foreign exchange gains	27	10,282	10,309
Foreign exchange losses and costs	(4,347)	(14,131)	(18,478)
Operating profit/(loss)	125,397	(63,010)	62,387
Finance costs	(5,197)	(9,959)	(15,156)
Equity accounted earnings from investment in associates	–	36,356	36,356
Equity accounted earnings from investment in joint ventures	–	37,886	37,886
Finance income & dividends received	3,779	3,211	6,990
Profit before taxation	123,979	4,484	128,463
Taxation expense	–	(16,841)	(16,841)
Attributable income taxation expense	(32,389)	–	(32,389)
Profit/(loss) for the year from discontinued operations	91,590	(12,357)	79,233
Total comprehensive income for the year from discontinued operations	91,590	(12,357)	79,233
	cents	cents	cents
Basic earnings/(loss) per share from discontinued operations	85	(11)	73
Diluted earnings/(loss) per share from discontinued operations	82	(11)	71

2021	R'000	R'000	R'000
Cash flows from discontinued operations			
Net cash inflow from operating activities	346,204	329,124	675,328
Net cash inflow/(outflow) from investing activities	86,545	(6,339)	80,206
Net cash outflow from financing activities	(432,749)	(109,606)	(542,355)
Effect of foreign exchange rate movement on cash balance	–	(39,382)	(39,382)
Net cash inflow attributable to discontinued operations	–	173,797	173,797

12. Assets held for sale

Invicta properties - the Samrand property

The directors previously initiated a plan to dispose of the Samrand property and during March the transfer of the property took place. The sales price agreed upon with the buyer, of R151.0 million, is reasonable in relation to the fair value of the asset. Proceeds to the value of R110.5 million had been received by year end, with the remaining amount to be received over the next three years through bank guarantees and rental proceeds.

Invicta properties - other non-core properties

In the prior financial period, the Group classified R7.9 million of its properties as held for sale, as they no longer formed part of the core business or strategic property holdings of the Group. During the current financial period, R1.6 million of these properties were disposed and the remaining R6.2 million, as at 31 March 2022, was disposed shortly after the current reporting period.

The Kian Ann Group ("KAG")

In the prior financial period the KAG was classified as held for sale after the Group entered into a series of inter linked transactions which would reduce the Group's 100% interest in the KAG to 48.81%. The effective loss of control triggered a deemed disposal which became effective in the current financial period (note 43). The impairment loss recognised in the prior financial period on the measurement to fair value less cost to sell in the disposal group is reflected in the table below.

The value of the assets and associated liabilities classified as held for sale are disclosed below:

	31 March			
	Invicta Properties	The Kian Ann Group	Invicta Properties	Total
	2022	2021		
	R'000	R'000	R'000	R'000
Property, plant and equipment	**6,251**	598,096	7,933	606,029
Right-of-use assets	–	77,080	–	77,080
Investment property	–	–	128,167	128,167
Other intangible assets	–	5,141	–	5,141
Deferred taxation asset	–	38,494	–	38,494
Investments in joint ventures	–	224,350	–	224,350
Investments in associates	–	–	–	–
Derivatives	–	17,577	–	17,577
Inventories	–	730,402	–	730,402
Trade and other receivables	–	512,370	–	512,370
Bank and cash balances	–	360,459	–	360,459
Assets classified as held for sale*	**6,251**	2,563,969	136,100	2,700,069
Borrowings	–	105,035	–	105,035
Right-of-use lease liabilities	–	106,242	–	106,242
Deferred taxation liability	–	27,733	–	27,733
Finance lease liabilities	–	3,204	–	3,204
Trade and other payables	–	256,405	–	256,405
Provisions	–	16,937	–	16,937
Current taxation liability	–	9,808	–	9,808
Dividends payable	–	156	–	156
Current portion of borrowings	–	82,760	–	82,760
Current portion of right-of-use lease liabilities	–	5,441	–	5,441
Current portion of finance lease liabilities	–	1,259	–	1,259
Bank overdrafts	–	4,467	–	4,467
Liabilities classified as held for sale	–	619,447	–	619,447
Carrying value of net assets classified as held for sale	**6,251**	1,944,522	136,100	2,080,622
Fair value adjustment*	–	(76,864)	–	(76,864)
Net assets classified as held for sale at fair value	**6,251**	1,867,658	136,100	2,003,758

* Assets classified as held for sale on the Consolidated Statement of Financial Position are net of the fair value adjustment.

12. Assets held for sale (continued)

Fair value less cost to sell valuation of the held for sale disposal group

The Group recognised the Kian Ann disposal group (assets and associated liabilities) as held for sale at 31 March 2021. The recognition of the disposal group as held for sale required it to be measured at the lower of its carrying amount or its fair value less costs to sell. The fair value less costs to sell was determined based on a discounted cash flow valuation. The Group based the discounted cash flow calculations on the five-year budgeted and forecast information. The long-term average growth rates were used to extrapolate cash flows from year 2 to year 5. The post-tax discount rates used reflected specific risks relating to the disposal group whilst maximising the use of market observable data. Other assumptions included in cash flow projections were closely linked to entity-specific key performance indicators i.e; product supply and margin pressures. Costs to sell were estimated based on costs incurred in similar transactions. The fair value less costs to sell was at a Level 3 (fair value is determined on inputs not based on observable market data) on the fair value hierarchy.

The inputs and assumptions used to calculate the fair value less costs to sell at the 2021 reporting date were as follows:

	31 March				
Disposal group	**Post-tax discount rate**	**Terminal value growth rate**	**Year 1 annual growth rate**	**Year 2-3 annual growth rate**	**Year 4-5 annual growth rate**
2021					
KAG	6.93%	0.5%	7.5%	1.0%	0.5%

Fair value adjustment

The inputs and assumptions noted above were utilised to determine the fair value less costs to sell of the disposal group and resulted in the below fair value adjustment, as the carrying values of the disposal group exceeded the fair value less costs to sell. The carrying value allocated to the disposal group was adjusted as a result:

	31 March		
	Fair value less costs to sell	**Carrying value**	**(Fair value adjustment)/ headroom**
Description	R'000	R'000	R'000
2021			
Based on documented assumptions:			
KAG - disposal group	1,867,658	1,944,522	(76,864)

The fair value adjustment was recognised in discontinued operations in the statement of profit or loss.

The impact of a change in assumptions with all other variables held constant had the following effects:

Change in assumptions			
Growth rate reduced by 0.2%	1,849,357	1,944,522	(95,165)
Growth rate increased by 0.2%	1,894,087	1,944,522	(50,435)
1% increase in post-tax discount rate	1,653,524	1,944,522	(290,998)
1% decrease in post-tax discount rate	2,168,577	1,944,522	224,055

13. Property, plant and equipment	Land and buildings R'000	Plant and equipment R'000	Leasehold improvements R'000	Motor vehicles R'000	Furniture, fittings & office equipment R'000	Capital work-in-progress R'000	Computer equipment R'000	Operating lease assets ** R'000	Total R'000
Carrying amount at 31 March 2020	1,249,998	165,650	23,834	40,929	76,349	27,616	19,702	134,163	1,738,241
Additions	60,358	19,952	493	7,575	4,610	6,031	31,720	25,432	156,171
Disposal of subsidiary	–	(8,562)	(799)	(2,340)	(1,863)	–	(1,492)	(20)	(15,076)
Impairment	(254)	(3,142)	–	–	–	–	–	–	(3,396)
Depreciation*	(16,138)	(27,990)	(7,087)	(13,652)	(15,621)	–	(12,254)	(27,590)	(120,332)
Classified as assets held for sale	(554,910)	(32,968)	(6,365)	(4,348)	(2,649)	–	(4,789)	–	(606,029)
Reclassification to investment property	(117,833)	–	–	–	–	–	–	–	(117,833)
Disposals	(5,939)	(308)	(1,765)	(4,838)	(992)	(1,241)	(290)	(30,837)	(46,210)
Reclassification between classes	717	1,868	3,913	(20)	1,141	(10,119)	2,500	–	–
Foreign currency translation	(84,030)	(4,586)	(1,038)	(1,858)	(1,715)	(3,972)	(763)	–	(97,962)
Carrying amount at 31 March 2021	**531,969**	**109,914**	**11,186**	**21,448**	**59,260**	**18,315**	**34,334**	**101,148**	**887,574**
Additions	**41,695**	**20,361**	**722**	**9,556**	**1,734**	**111,295**	**3,962**	**52,655**	**241,980**
Acquisition of subsidiary	**39,741**	**12,685**	**3,620**	**–**	**1,627**	**–**	**1,611**	**–**	**59,284**
Disposal of subsidiary/business	**–**	**(1,145)**	**(295)**	**635**	**(308)**	**–**	**(1,063)**	**–**	**(2,176)**
Impairment	**–**	**(50)**	**–**	**(348)**	**–**	**–**	**–**	**–**	**(398)**
Depreciation*	**(1,712)**	**(27,148)**	**(5,217)**	**(13,055)**	**(13,192)**	**–**	**(6,999)**	**(25,830)**	**(93,153)**
Reclassification to other intangible assets	**–**	**–**	**–**	**–**	**–**	**(3,245)**	**(20,953)**	**–**	**(24,198)**
Disposals	**(1,117)**	**(164)**	**(105)**	**(903)**	**(2,080)**	**(4)**	**(764)**	**(6,110)**	**(11,247)**
Reclassification between classes	**(241)**	**2,058**	**3,713**	**69,798**	**2,980**	**(82,749)**	**4,441**	**–**	**–**
Foreign currency translation	**(6,501)**	**(1,336)**	**(340)**	**93**	**(143)**	**(645)**	**(213)**	**–**	**(9,085)**
Carrying amount at 31 March 2022	**603,834**	**115,175**	**13,284**	**87,224**	**49,878**	**42,967**	**14,356**	**121,863**	**1,048,581**
2021									
Cost	561,913	270,965	34,513	86,470	162,898	18,315	98,594	186,918	1,420,586
Accumulated depreciation and impairment	(29,944)	(161,051)	(23,327)	(65,022)	(103,638)	–	(64,260)	(85,770)	(533,012)
Total	531,969	109,914	11,186	21,448	59,260	18,315	34,334	101,148	887,574
2022									
Cost	**636,085**	**278,889**	**43,308**	**154,965**	**158,749**	**42,967**	**83,975**	**215,434**	**1,614,372**
Accumulated depreciation and impairment	**(32,251)**	**(163,714)**	**(30,024)**	**(67,741)**	**(108,871)**	**–**	**(69,619)**	**(93,571)**	**(565,791)**
Total	**603,834**	**115,175**	**13,284**	**87,224**	**49,878**	**42,967**	**14,356**	**121,863**	**1,048,581**

* The depreciation charge relating to plant and equipment and rental assets disclosed in cost of sales amounts to R33.5 million (2021: R36.5 million).

** Operating lease assets include forklift and machinery rental assets.

Details of the land and buildings and encumbrances

A register containing details of land and buildings is available for inspection during business hours at the registered office of the Company by members or their duly authorised agents.
The Group has encumbered land and buildings having a carrying value of R207 million (2021: R256 million) to secure mortgage bonds detailed in note 32.

14. Right-of-use assets

	Land and buildings R'000	Motor Vehicles R'000	Equipment R'000	Total R'000
Carrying amount at 1 April 2020	372,891	42,551	7,829	423,271
Right-of-use asset recognised	47,908	3,421	1,296	52,625
Lease modification	(1,476)	217	–	(1,259)
Depreciation	(70,773)	(20,247)	(2,744)	(93,764)
Disposal of subsidiary	(16,245)	–	–	(16,245)
Right-of-use asset derecognised	(25,912)	(447)	(326)	(26,685)
Classified as held for sale	(74,303)	(1,359)	(1,418)	(77,080)
Foreign currency translation	(14,775)	(90)	(216)	(15,081)
Carrying amount at 31 March 2021	**217,315**	**24,046**	**4,421**	**245,782**
Right-of-use asset recognised	**44,578**	**5,349**	**1,678**	**51,605**
Acquisition of subsidiaries	**21,379**	**–**	**–**	**21,379**
Lease modification	**(1,043)**	**(190)**	**1,174**	**(59)**
Depreciation	**(59,698)**	**(13,875)**	**(1,992)**	**(75,565)**
Right-of-use asset derecognised	**(21,805)**	**(187)**	**(340)**	**(22,332)**
Foreign currency translation	**(59)**	**–**	**–**	**(59)**
Carrying amount at 31 March 2022	**200,667**	**15,143**	**4,941**	**220,751**
2021				
Cost	396,812	64,191	8,999	470,002
Accumulated depreciation	(179,497)	(40,145)	(4,578)	(224,220)
Total	217,315	24,046	4,421	245,782
2022				
Cost	**398,095**	**43,526**	**12,248**	**453,869**
Accumulated depreciation	**(197,428)**	**(28,383)**	**(7,307)**	**(233,118)**
Total	**200,667**	**15,143**	**4,941**	**220,751**

There were no leases with residual value guarantees or leases not yet commenced to which the Group is committed.

Refer to accounting policy note 1.18 for further details on right-of-use-assets.

15. Investment property

	31 March 2022 R'000	2021 R'000
Balance at the beginning of the year	**116,198**	–
Reclassification from property, plant and equipment	**–**	117,833
Classified as assets held for sale	**–**	(1,635)
Balance at the end of the year	**116,198**	116,198

The residual values are estimated to approximate cost and as a result these are not depreciated.

Investment property comprises of five properties located in Camperdown, Elandsfontein, Isando, Kroonstad and Standerton. Valuations are performed at year end with a fair value (using level 3) estimated at R215.8 million.

Rental on the property was recognised at R19.5 million (2021: R15.0 million) and was included in revenue (note 3).

	31 March 2022 R'000	2021 R'000
16. Financial investments		
Unlisted securities		
Investment in unlisted ordinary shares	–	972
Total	–	972
Non-current financial investments	–	972

17. Goodwill

	2022	2021
Reconciliation of carrying amount		
Balance at the beginning of the year	**3,391**	24,847
Acquisition of subsidiary (note 42)	**44,072**	–
Impairment losses	–	(21,456)
Foreign currency translation	**(4,903)**	–
Balance at the end of the year	**42,560**	3,391
Comprising:		
Cost	**748,892**	669,925
Accumulated impairment	**(706,332)**	(666,534)
Total	**42,560**	3,391
The carrying amount of goodwill was allocated to cash-generating units ("CGUs"), within the operating segments, as follows:		
RSS: Industrial	**3,391**	3,391
Individually non-significant CGUs	**3,391**	3,391
RSS: Earthmoving	**39,169**	–
KMP Holdings Limited	**39,169**	–
Total	**42,560**	3,391

Impairment testing of goodwill

The Group has allocated goodwill to its cash-generating units. The recoverable amounts of these cash-generating units have been determined based on value-in-use calculations. Value-in-use is based on discounted cash flow calculations. The Group based its cash flow calculations on the five-year budgeted and forecast information. The long-term average growth rates were used to extrapolate cash flows from year 2 to year 5. The pre-tax discount rates used reflect specific risks relating to the relevant cash-generating units whilst maximising the use of market observable data. Other assumptions included in cash flow projections are closely linked to entity-specific key performance indicators i.e. product supply and margin pressures.

The inputs and assumptions used to calculate the recoverable amounts for the CGUs (grouped based on segments) at the reporting date are as follows:

Segment	31 March Pre-tax discount rate	Terminal value growth rate	Year 1 annual growth rate	Year 2 annual growth rate	Year 3 -5 annual growth rate
2022					
RSS: Industrial	**15.6% - 17.4%**	**3.0%**	**3.7% - 7.2%**	**5.6% - 6.0%**	**5.6% - 6.0%**
RSS: Earthmoving	**10.3%**	**19.4%**	**-30%**	**2.3%**	**2.0%**
2021					
RSS: Industrial	15.6% - 17.4%	3.0%	33% - 52%	3.7%	3.7%
CE	17.7%	3.7%	-30%	5.0%	5.0%

17. Goodwill (continued)

The headroom in the Group's operating segments with goodwill after all impairments have been taken into account at the reporting date was as follows:

	31 March		
	Value in use	Carrying value	Headroom
Description	**R'000**	**R'000**	**R'000**
2022			
Based on documented assumptions:			
RSS: Industrial	**249,108**	**3,391**	**245,717**
RSS: Earthmoving	**198,753**	**39,169**	**159,584**
Growth rate reduced by 1%			
RSS: Industrial	**245,553**	**3,391**	**242,162**
RSS: Earthmoving	**132,537**	**39,169**	**93,368**
1% increase in WACC			
RSS: Industrial	**231,526**	**3,391**	**228,135**
RSS: Earthmoving	**145,872**	**39,169**	**106,703**
2021			
Based on documented assumptions:			
RSS: Industrial	101,375	3,391	97,984
Growth rate reduced by 1%			
RSS: Industrial	95,423	3,391	92,032
1% increase in WACC			
RSS: Industrial	86,583	3,391	83,192

Impairment goodwill

The inputs and assumptions were utilised to determine the recoverable amount of the goodwill in the remaining CGUs and resulted in the below goodwill impairments in the prior financial period, as the carrying values of the goodwill exceeded their recoverable amounts. The goodwill allocated to the following CGUs was impaired as a result:

		31 March		
		Carrying value prior to impairment	Impairment	Carrying value at end of year
Cash generating units	**Segment**	**R'000**	**R'000**	**R'000**
2021				
High Power Equipment Africa Proprietary Limited	CE	21,456	(21,456)	–
Total		21,456	(21,456)	–

The impairment loss of Rnil (2021: R21.5 million) has been recognised in selling, administration and distribution costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	31 March					
	Computer software	Reacquired agency rights	Distribution agreements	Trademarks, brands and non-compete agreements	Customer relationships and other	Total
18. Other intangible assets	R'000	R'000	R'000	R'000	R'000	R'000
Carrying amount at 31 March 2020	50,111	9,034	10,023	700	7,315	77,183
Additions	7,175	–	–	–	–	7,175
Disposal of subsidiary	–	(1,911)	–	–	–	(1,911)
Amortisation*	(18,227)	(753)	(9,274)	(112)	(6,363)	(34,729)
Classified as assets held for sale	(4,320)	–	–	(371)	(450)	(5,141)
Disposals	(243)	–	–	–	(1)	(244)
Foreign currency translation	(648)	–	–	(54)	(92)	(794)
Carrying amount at 31 March 2021	**33,848**	**6,370**	**749**	**163**	**409**	**41,539**
Additions	**1,766**	**6,497**	**–**	**–**	**–**	**8,263**
Acquisition of subsidiary	**–**	**–**	**–**	**–**	**21,284**	**21,284**
Impairment	**(11)**	**–**	**–**	**–**	**–**	**(11)**
Amortisation*	**(20,349)**	**(1,773)**	**(372)**	**(50)**	**(795)**	**(23,339)**
Transfer from property, plant and equipment capital work-in-progress	**24,198**	**–**	**–**	**–**	**–**	**24,198**
Disposals	**(957)**	**–**	**–**	**–**	**–**	**(957)**
Foreign currency translation	**–**	**–**	**–**	**–**	**(2,348)**	**(2,348)**
Carrying amount at 31 March 2022	**38,495**	**11,094**	**377**	**113**	**18,550**	**68,629**
2021						
Cost	92,572	37,550	11,617	457	52,001	194,197
Accumulated amortisation	(58,724)	(31,180)	(10,868)	(294)	(51,592)	(152,658)
Total	33,848	6,370	749	163	409	41,539
2022						
Cost	**121,262**	**26,208**	**11,617**	**457**	**70,917**	**230,461**
Accumulated amortisation	**(82,767)**	**(15,114)**	**(11,240)**	**(344)**	**(52,367)**	**(161,832)**
Total	**38,495**	**11,094**	**377**	**113**	**18,550**	**68,629**

*Recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in selling, administration and distribution costs (note 6).

The fair values of intangible assets acquired through business combinations are identified and valued by management based on the purchase agreement. The fair values are based on the future cash flows, applicable to each category of intangible asset identified, at an appropriate discount rate.

		31 March	
		2022	2021
19.	**Derivatives - interest rate swaps**	**R'000**	R'000
	Three interest rate swap agreements were entered into between Nedbank and Bearing Man Group (Pty) Ltd (BMG) on 9 September 2020 for the notional amount of R100 million each. The fixed rates paid to receive a floating rate of 3-month JIBAR, and the termination dates of each agreement are set out below:		
	- Swap 53014781 had a fixed rate of 5.03% and is terminating on 09 Sep 2025	**4,661**	2,565
	- Swap 53014578 had a fixed rate of 3.99% and is terminating on 11 Sep 2023	**2,415**	1,512
	- Swap 53014582 had a fixed rate of 4.48% and is terminating on 09 Sep 2024	**3,932**	2,128
	Total	**11,008**	6,205
	Reconciliation of movements:		
	Balance at the beginning of the year	**6,205**	35,573
	Fair value adjustment recognised in profit or loss	**4,803**	(11,825)
	Classified as held for sale	**–**	(17,543)
	Balance at the end of the year	**11,008**	6,205

20.	**Net investment in finance leases**		
	Gross investment in finance leases are classified as follows:		
	Due within one year	**65,211**	84,816
	Due in the second to fifth years inclusive	**25,742**	93,725
		90,953	178,541
	Unearned finance income	**(7,030)**	(16,680)
	Net investment in finance lease	**83,923**	161,861
	Net investment in finance leases are classified as follows:		
	Current	**59,904**	85,946
	Non-current	**24,019**	75,915
	Net investment in finance lease	**83,923**	161,861

The Group entered into finance lease agreements with customers for certain of its equipment and forklifts. The term of finance leases entered into range from 6 to 40 months.

The interest rate implicit in the leases is fixed at the contract date for the entire lease term. The average effective interest

21. Loan and other receivables

	31 March 2022 R'000	2021 R'000
Loan and other receivables	**285,364**	228,548
Loan receivable from business partners	**36,878**	16,900
Loan receivables from associates	**64,324**	24,994
Loan receivables from financing transactions	**–**	13,867
Loan receivable from Dartcom	**76,138**	–
Loan receivable from Samrand - disposal proceeds	**36,729**	–
Loan receivable from CNH - disposal proceeds	**70,245**	172,787
Other receivable in relation to lease smoothing asset	**1,050**	–
Less: Allowance for expected credit losses	**–**	(5,178)
Loan and other receivables after expected credit losses	**285,364**	223,370
Current loan and other receivables	**(128,327)**	(110,939)
Non-current loan and other receivables	**157,037**	112,431
Carrying amount of loan and other receivables are as follows:		
Within one year	**128,327**	110,939
In second to fifth year inclusive	**156,833**	112,177
After five years	**204**	254
Total	**285,364**	223,370
Unearned finance income	**13,707**	10,409
Gross carrying amount of loan and other receivables are as follows:		
Within one year	**140,335**	112,129
In second to fifth year inclusive	**158,532**	121,396
After five years	**204**	254
Total	**299,071**	233,779

An ECL allowance was raised on the loan receivable from a business partner in the prior financial period to the extent that there was no security provided. There is no exposure on the back-to-back arrangements. The ECL allowance was reversed in the current financial period due to security provided by the business partner in the current financial period.

The loan receivable from Dartcom is guaranteed by Dartcom's parent company, New GX Holdings (Pty) Ltd.

The CNH - disposal proceeds receivable, comprise amounts due January 2023 (USD2 million) and January 2024 (USD3 million). No ECL allowance is required as historical evidence suggests payment will be made in advance of the due date. These amounts are non-interest bearing and have been discounted at 2.58% based on current USD inflation and prevailing USD interest rates.

Set out below is the movement in the allowance for expected credit losses loans to third parties:

	2022	2021
Balance at the beginning of the year	**5,178**	17,456
Amounts written off during the year	**–**	(3,635)
Remeasurement of loss allowance	**(5,178)**	(8,643)
Balance at the end of the year	**–**	5,178

The carrying values of loan receivables approximates the fair value at the reporting date.

Notes to the annual consolidated financial statements (continued)

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22. Investment in subsidiaries

Details of the Group's subsidiaries at 31 March 2022 are as follows:

Name of subsidiary	Principal activity	Place of operation	31 March Effective holding of ownership interest and voting power held	
			2022	2021
Direct holdings				
Invicta Offshore Holdings	Investment holding company	Mauritius	**100%**	100%
Invicta Africa (Pty) Ltd	Investment holding company	South Africa	**100%**	100%
Invicta IT Solutions (Pty) Ltd#	Trading company	South Africa	**0%**	100%
Invicta Finance (Pty) Ltd	Financial company	South Africa	**100%**	100%
Invicta South Africa Holdings (Pty) Ltd	Investment holding company	South Africa	**100%**	100%
Invicta Treasury Holdings (Pty) Ltd	Treasury company	South Africa	**100%**	100%
October Winds Trading 48 (Pty) Ltd	Investment holding company	South Africa	**100%**	100%
Invicta Properties (Pty) Ltd	Property holding company	South Africa	**100%**	100%
Goldquest International Hydraulics SA (Pty) Ltd#	Dormant	South Africa	**0%**	100%
Indirect holdings				
Abrasive Flow Solutions (Pty) Ltd	Trading company	South Africa	**51%**	51%
Africa Maintenance Equipment (Madibeng) (Pty) Ltd (previously Mooinooi)*	Trading company	South Africa	**29%**	100%
Africa Maintenance Equipment (Rustenburg) (Pty) Ltd*	Trading company	South Africa	**39%**	100%
Africa Maintenance Equipment (Thabazimbi) (Pty) Ltd*	Trading company	South Africa	**29%**	100%
Allegiance Parts (Malaysia) Sdn Bhd**	Trading company	Malaysia	**0%**	72%
Allegiance Automotive Supplies Pte.Ltd**	Trading company	Singapore	**0%**	48%
Allegiance Parts and Services Co Ltd**	Trading company	Myanmar	**0%**	48%
Allegiance Parts and Services Singapore Pte Ltd**	Trading company	Singapore	**0%**	48%
Arc Eng Since 1934 (Pty) Ltd	Trading company	South Africa	**100%**	100%
Bearing Man (Botswana) (Pty) Ltd	Trading company	Botswana	**100%**	100%
Bearing Man (Maputo) (Pty) Ltd	Trading company	Mozambique	**66%**	66%
Bearing Man (Mozambique) Lda	Dormant	Mozambique	**100%**	100%
Bearing Man (Namibia) (Pty) Ltd	Trading company	Namibia	**100%**	100%
Bearing Man (Swaziland) (Pty) Ltd	Trading company	Swaziland	**100%**	100%
Bearing Man Zambia Ltd	Trading company	Zambia	**83%**	83%
Bearing Man Group Tanzania Ltd	Trading company	Tanzania	**100%**	100%
BMG Congo SARL	Trading company	Democratic Republic of Congo	**70%**	70%
Bearing Man Group (Pty) Ltd	Trading company	South Africa	**100%**	100%
BMG Dar Es Salaam	Trading company	Tanzania	**99.99%**	99.99%
BMG Ghana Properties (Mauritius)	Trading company	Mauritius	**100%**	100%
BMG Properties Ltd	Trading company	Ghana	**100%**	70%
BMG Offshore Holdings	Investment holding company	Mauritius	**100%**	100%
BMG West Africa Ltd	Trading company	Ghana	**70%**	70%
Commercial Car Components Logistics Ltd	Trading company	United Kingdom	**50.1%**	50.1%
Compact Computer Solutions (Pty) Ltd	Trading company	South Africa	**100%**	100%
Criterion Equipment (Pty) Ltd	Trading company	South Africa	**100%**	100%

* During the current financial period, the Group disposed of its controlling stakes in Africa Maintenance Equipment (Rustenburg) (Pty) Ltd, Africa Maintenance Equipment (Madibeng) (Pty) Ltd, Makona Hardware & Industrial (Pty) Ltd and Africa Maintenance Equipment (Thabazimbi) (Pty) Ltd (note 43). The Group determined that these companies were no longer controlled in terms of IFRS 10 *Consolidated Financial Statements*, however the Group retained a significant influence and, as a result the investments are now equity accounted as investments in associates (note 23).

** KAG was classified as held for sale in the prior financial period (note 12). These companies form part of the KAG which is accounted for as a discontinued operation (note 11) until the date of disposal of a controlling interest in Kian Ann Engineering Pte. Ltd. (note 43). The Group retained a 48.81% interest in this company and KAG, which is subsequently equity accounted as an investment in a joint venture (note 24).

Company was deregistered during the current reporting period.

Notes to the annual consolidated financial statements (continued)

for the year ended 31 March 2022

22. Investment in subsidiaries (continued)

Name of subsidiary	Principal activity	Place of operation	31 March Effective holding of ownership interest and voting power held	
			2022	2021
Indirect holdings (continued)				
D&D Lifting and Crane Services (Pty) Ltd#	Dormant	South Africa	**0%**	100%
Disa Equipment (Pty) Ltd	Trading company	South Africa	**100%**	100%
Driveshaft Parts Ltd	Dormant	United Kingdom	**100%**	100%
Driveshaft Parts S.L.	Trading company	Spain	**100%**	100%
Edmik Engineering (Pty) Ltd#	Dormant	South Africa	**0%**	100%
Equipment Spare Parts (Africa) (Pty) Ltd	Trading company	South Africa	**100%**	100%
ESG Exports (Pty) Ltd	Trading company	South Africa	**100%**	100%
ESG EUROPE Spółka z ograniczoną odpowiedzialnością	Property holding company	Poland	**100%**	100%
Euro Driveshafts Ltd Sp. z o.o. (Poland)	Trading company	Poland	**100%**	100%
Euro Driveshafts Ltd	Trading company	United Kingdom	**100%**	100%
Euro Driveshafts - Ukraine LLC	Trading company	Ukraine	**100%**	100%
Fidelio Properties (Pty) Ltd	Trading company	South Africa	**100%**	100%
General Electrical Mechanical Tool & Engineering (Pty)	Dormant	South Africa	**100%**	100%
GK-IT Environmental Services (Pty) Ltd#	Dormant	South Africa	**0%**	100%
Hansen Transmissions South Africa (Pty) Ltd	Dormant	South Africa	**100%**	100%
High Power Equipment Africa (Pty) Ltd	Trading company	South Africa	**100%**	100%
Humulani Marketing (Pty) Ltd	Trading company	South Africa	**100%**	100%
Humulani Marketing Mozambique Lda	Dormant	Mozambique	**100%**	100%
Hyflo Namibia (Pty) Ltd	Dormant	Namibia	**100%**	100%
Hyflo Southern Africa (Pty) Ltd	Trading company	South Africa	**100%**	100%
Industri Tools & Equipment (Pty) Ltd	Trading company	South Africa	**100%**	100%
Invicta Asian Holdings (Pte) Ltd	Investment holding company	Singapore	**100%**	100%
Invicta Cape Town (Pty) Ltd	Property holding company	South Africa	**60%**	60%
Invicta Offshore Finance#	Trading company	Mauritius	**0%**	100%
Kian Chue Hwa (Industries) (Pte) Ltd**	Trading company	Singapore	**0%**	80%
Kian Ann Districentre (Pte) Ltd**	Property holding company	Singapore	**0%**	100%
Kian Ann Engineering (Pte) Ltd**	Trading company	Singapore	**0%**	100%
Kian Ann Engineering Trading (Shanghai) Co. Ltd**	Trading company	China	**0%**	100%
Kian Ann Investment (Pte) Ltd**	Investment holding company	Singapore	**0%**	100%
KMP Holdings Limited^	Investment holding company	United Kingdom	**100%**	0%
KMP Products Europe Limited^	Trading company	United Kingdom	**100%**	0%
KMP USA LLC^	Trading company	United States	**100%**	0%
MacNeil Plastics (Pty) Ltd	Trading company	South Africa	**60%**	60%
Makona Hardware & Industrial (Pty) Ltd*	Trading company	South Africa	**49%**	70%
Man-Dirk East (Pty) Ltd#	Dormant	South Africa	**0%**	74%
MRO Produtos Industriais Lda	Trading company	Mozambique	**99%**	80%
Mzanzi Driveshaft Parts (Pty) Ltd#	Dormant	South Africa	**0%**	100%
Northmec Equipment Zambia Ltd	Dormant	Zambia	**100%**	100%
Nova Vida Lda	Trading company	Mozambique	**99%**	80%

* During the current financial period, the Group disposed of its controlling stakes in Africa Maintenance Equipment (Rustenburg) (Pty) Ltd, Africa Maintenance Equipment (Madibeng) (Pty) Ltd, Makona Hardware & Industrial (Pty) Ltd and Africa Maintenance Equipment (Thabazimbi) (Pty) Ltd (note 43). The Group determined that these companies were no longer controlled in terms of IFRS 10 *Consolidated Financial Statements*, however the Group retained a significant influence and, as a result the investments are now equity accounted as investments in associates (note 23).

** KAG was classified as held for sale in the prior financial period (note 12). These companies form part of the KAG which is accounted for as a discontinued operation (note 11) until the date of disposal of a controlling interest in Kian Ann Engineering Pte. Ltd. (note 43). The Group retained a 48.81% interest in this company and KAG, which is subsequently equity accounted as an investment in a joint venture (note 24).

^ The company was acquired during the current reporting period (note 42).

Company was deregistered during the current reporting period.

Notes to the annual consolidated financial statements (continued)

for the year ended 31 March 2022

22. Investment in subsidiaries (continued)

Name of subsidiary	Principal activity	Place of operation	31 March Effective holding of ownership interest and voting power held	
			2022	2021
Indirect holdings (continued)				
Operational Marketing (Pty) Ltd#	Trading company	South Africa	**0%**	100%
Oscillating Systems Technology Africa (Pty) Ltd	Trading company	South Africa	**100%**	100%
Propshaft Rebuilders (Pty) Ltd	Trading company	South Africa	**100%**	100%
Pt. Allegiance Primaparts Indonesia**	Trading company	Indonesia	**0%**	80%
Pt. Haneagle Heavyparts Indonesia**	Trading company	Indonesia	**0%**	99%
Rumiset (Pty) Ltd#	Dormant	South Africa	**0%**	100%
Rustenburg Engineering and Foundry (Pty) Ltd*	Trading company	South Africa	**0%**	100%
Rustenburg Engineering and Machining (Pty) Ltd#	Dormant	South Africa	**0%**	100%
SA Tool (Pty) Ltd#	Dormant	South Africa	**0%**	100%
Salestalk 452 (Pty) Ltd	Property holding company	South Africa	**50%**	50%
Screen Doctor (Pty) Ltd	Trading company	South Africa	**100%**	71%
Shamrock Handling Concepts (Pty) Ltd	Trading company	South Africa	**100%**	100%
Sibuyile Industrial Supplies (Pty) Ltd	Dormant	South Africa	**100%**	100%
Trendy Property Investments (Pty) Ltd	Property holding company	South Africa	**100%**	100%
Turnkey Hydraulics (KZN) (Pty) Ltd#	Dormant	South Africa	**0%**	100%
Universal Parts Group (Pty) Ltd	Trading company	South Africa	**100%**	100%
Entities controlled in terms of IFRS 10				
Theramanzi Investments (Pty) Ltd***	Investment holding company	South Africa		
Humulani Employee Investment Trust***	Trust	South Africa		
Humulani Empowerment Trust***	Trust	South Africa		
Keletso Imare Bindzue Procurement Services (Pty) Ltd****	Trading company	South Africa		

* During the current financial period the company was disposed (note 43).

** KAG was classified as held for sale in the prior financial period (note 12). These companies form part of the KAG which is accounted for as a discontinued operation (note 11) until the date of disposal of a controlling interest in Kian Ann Engineering Pte. Ltd. (note 43). The Group retained a 48.81% interest in this company and KAG, which is subsequently equity accounted as an investment in a joint venture (note 24).

*** Humulani Employee Investment Trust and Theramanzi Investments (Pty) Ltd, owned by the Humulani Empowerment Trust own 5% and 20% respectively of the issued ordinary share capital of Invicta South Africa Holdings (Pty) Ltd. The Group controls these entities which have been consolidated into the Group results.

****Refer to note 50, Events after the reporting period.

Company was deregistered during the current reporting period.

A register containing details of the other direct and indirect subsidiaries is available for inspection during business hours at the registered office of the Company by members or their duly authorised agents.

Funding within the Group is managed centrally and is supported as appropriate by cross guarantees from group companies.

Notes to the annual consolidated financial statements (continued)

for the year ended 31 March 2022

23. Investments in associates

Name of associate (unlisted)	Principal activity	Place of operation	Functional currency	Reporting date	31 March Ownership interest held	
					2022	2021
Automan Co. Limited	Servicing of automotive vehicles	Myanmar	MMK	March	**0%**	20%
Africa Maintenance Equipment eMalahleni (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	**29%**	29%
Africa Maintenance Equipment Kathu (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	**49%**	49%
Africa Maintenance Equipment Lephalale (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	**49%**	49%
Africa Maintenance Equipment Mogale (Pty) Ltd	Distributor of engineering consumables	South Africa	ZAR	March	**29%**	29%
Africa Maintenance Equipment Rustenburg (Pty) Ltd *	Distributor of engineering consumables	South Africa	ZAR	March	**39%**	0%
Africa Maintenance Equipment Thabazimbi (Pty) Ltd **	Distributor of engineering consumables	South Africa	ZAR	March	**29%**	0%
Africa Maintenance Equipment Sekhukhune (Pty) Ltd **	Distributor of engineering consumables	South Africa	ZAR	March	**29%**	0%
Africa Maintenance Equipment Amajuba (Pty) Ltd **	Distributor of engineering consumables	South Africa	ZAR	March	**49%**	0%
Africa Maintenance Equipment Matjabeng (Pty) Ltd **	Distributor of engineering consumables	South Africa	ZAR	March	**39%**	0%
Africa Maintenance Equipment Umhlathuze (Pty) Ltd **	Distributor of engineering consumables	South Africa	ZAR	March	**39%**	0%
Makona (Pty) Ltd *	Distributor of engineering consumables	South Africa	ZAR	March	**49%**	0%
Africa Maintenance Equipment Madibeng (Pty) Ltd *	Distributor of engineering consumables	South Africa	ZAR	March	**29%**	0%
Zhejiang Beienji Industrial Products Co. Ltd ("BMG China")	Wholesaler and retailer of engineering consumables	China	CNY	December	**40%**	0%

* The investments in these entities were raised on the deemed disposals of subsidiaries, refer to notes 22 and 43.

** The investments in these entities were raised on the deemed disposals of businesses, refer to note 43

Notes to the annual consolidated financial statements (continued)

for the year ended 31 March 2022

23. Investments in associates (continued)

Summarised financial information of the Group's associates as set out below:

	31 March				
	BMG China	Africa Maintenance Equipment Kathu	Africa Maintenance Equipment eMalahleni	Individually non significant associates	Total
2022	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Non-current assets	47,571	1,305	31,209	66,087	146,172
Other current assets	76,256	13,516	26,749	62,018	178,538
Cash and cash equivalents	70,811	6,663	3,645	13,526	94,646
Non-current liabilities	–	(841)	(26,943)	(63,203)	(90,988)
Other current liabilities	(114,724)	(2,047)	(43,580)	(63,608)	(223,959)
Net assets	**79,914**	**18,596**	**(8,920)**	**14,819**	**104,409**
Revenue	32,192	89,696	102,372	177,608	401,868
Finance income	2	–	–	128	130
Finance costs	2	(121)	(522)	(1,274)	(1,915)
Depreciation and amortisation	(70)	(986)	(1,957)	(6,529)	(9,542)
Taxation expense	(114)	(1,327)	3,570	(3,239)	(1,110)
Profit for the year	1,598	3,410	(10,116)	9,527	4,419
Group's share of profit of associates	571	1,671	–	4,136	6,378
Reconciliation of carrying amount:					
Balance as at 31 March 2021	–	6,556	415	1,088	8,059
Acquisition of associates	37,389	–	–	–	37,389
Associates raised on disposal of subsidiaries and businesses	–	–	–	1,253	1,253
Share of profit of associates, net of taxation*	571	1,671	–	4,136	6,378
Dividends declared by associates	–	(1,465)	–	–	(1,465)
Foreign currency translation	(978)	–	–	–	(978)
Carrying value at 31	**36,982**	**6,762**	**415**	**6,477**	**50,636**

*This equals the share of equity accounted earnings from investment in associates per the statement of profit or loss. The Groups share of losses in associates not recognised amount to R3.0 million (eMalahleni) and R0.8 million (Rustenburg).

23. Investments in associates (continued)

Summarised financial information of the Group's associates as set out below:

	31 March			
	Africa Maintenance Equipment eMalahleni	Africa Maintenance Equipment Kathu	Kunshan Kensetsu Buhin **	Group
2021	R'000	R'000	R'000	R'000
Non-current assets	21,986	2,121	–	26,375
Other current assets	699	16,135	–	18,566
Cash and cash equivalents	4,947	7,782	–	17,725
Non-current liabilities	–	(7,463)	–	(7,463)
Current liabilities	(25,364)	(3,089)	–	(37,247)
Net assets	2,268	15,486	–	17,956
Revenue	2,551	131,408	1,112,995	1,257,712
Finance income	–	–	2,541	2,541
Finance costs	–	(178)	(733)	(913)
Depreciation and amortisation	(11)	(1,179)	(2,874)	(4,097)
Taxation expense	334	(3,605)	(13,766)	(17,018)
Profit for the year	(241)	7,881	133,375	139,983
Group's share of profit of associates	–	3,862	–	3,862
Reconciliation of carrying amount:				
Balance as at 31 March 2020	–	2,694	176,434	179,128
Acquisition of associates	415	–	–	1,503
Share of profit of associates, net of taxation*	–	3,862	36,356	40,218
Dividends received	–	–	(92,710)	(92,710)
Elimination of unrealised profits	–	–	135	135
Transfer to investment in joint venture	–	–	(98,838)	(98,838)
Foreign currency translation	–	–	(21,377)	(21,377)
Carrying value at 31 March 2021	415	6,556	–	8,059

*This equals the share of equity accounted earnings from investment in associates per the statement of profit or loss plus the amount transferred to discontinued operations per note 11.

** The investment in Kunshan Kensetsu Buhin Co. Ltd was transferred to investment in joint venture at the end of the prior year. The assets and liabilities have therefore been included in note 24 Investments in Joint Ventures and the profit and loss has been included above.

24. Investments in joint ventures

Name of joint venture (unlisted)	Principal activity	Place of operation	Functional currency	Reporting date	31 March Ownership interest held 2022	2021
Modesty Investment Holding Pte Ltd (MIH)*	Trading of machinery spare parts	Singapore	SGD	March	**0%**	50.01%
Kunshan Kensetsu Buhin Co. Ltd (KKB)* #	Manufacturing of construction machinery parts	China	CNY	December	**0%**	27.604%
SKL Equipment Pte Ltd**	Trading of heavy machinery and diesel spare parts	India	INR	March	**0%**	50%
Kian Ann Engineering Pte Ltd and its subsidiaries (KAG)***	Distributor of heavy machinery parts and diesel engine components	Singapore	SGD	March	**48.81%**	0%

* These investments became wholly-owned subsidiaries of KAG and were simultaneously disposed off as part of the "loss of control" in the KAG, (note 43).

** This entity was simultaneously disposed of as part of the "loss of control" in the KAG.

*** Kian Ann Engineering Pte Ltd. was a wholly owned subsidiary in the prior year, refer to note 22.

The investment in Kunshan Kensetsu Buhin Co. Ltd was transferred to investment in joint venture at the end of the prior year. The assets and liabilities have therefore been included in note 24 Investments in Joint Ventures and the profit and loss has been included above.

Summarised financial information of the Group's joint ventures as set out below:

	31 March KAG 2022 R'000	KKB 2021 R'000	MIH 2021 R'000	Group 2021 R'000
Non-current assets	**1,414,685**	55,168	20,206	75,384
Other current assets	**1,982,200**	583,181	127,994	667,163
Cash and cash equivalents	**503,529**	54,804	93,279	149,735
Non-current liabilities	**(308,163)**	–	(1,421)	(1,421)
Current liabilities	**(1,054,294)**	(424,932)	(69,502)	(528,907)
Net assets	**2,537,957**	268,221	170,556	361,954
Revenue	**2,764,212**	–	466,910	522,075
Finance income	**2,848**	–	100	11
Finance costs	**(9,085)**	–	(238)	(257)
Depreciation and amortisation	**(61,468)**	–	(6,640)	(6,643)
Taxation expense	**(26,277)**	–	(24,831)	(24,831)
Profit for the year	**589,504**	–	76,221	74,085
Group's share of profit in joint ventures	**101,887**	–	–	–
Reconciliation of carrying amount:				
Balance at the beginning of the year	**–**	–	110,924	114,008
Interest acquired on disposal of a subsidiary	**1,226,259**	–	–	–
Transfer from investment in associates	**–**	98,838	–	98,838
Share of profit of joint venture, net of taxation	**101,887**	–	38,091	37,886
Dividends declared by joint venture	**(24,821)**	–	(10,825)	(10,825)
Elimination of unrealised profits	**–**	–	(102)	(624)
Classified as assets held for sale	**–**	(98,838)	(123,492)	(224,350)
Foreign currency translation	**(4,472)**	–	(14,596)	(14,933)
Balance at the end of the year	**1,298,853**	–	–	–

The difference between the Group's proportionate share in the net asset value of Kian Ann Engineering Pte Ltd and its carrying value is a result of notional goodwill.

Notes to the annual consolidated financial statements (continued)

for the year ended 31 March 2022

25. Inventories	31 March 2022 R'000	2021 R'000
Raw materials	**41,071**	24,680
Finished goods	**2,877,937**	2,450,285
- Capital equipment	**224,941**	157,274
- Spares and accessories	**660,445**	237,579
- Engineering consumables and tools	**1,832,322**	1,920,822
- Conveyor belt and related components	**86,254**	40,819
- Tools and equipment	**41,528**	71,771
- Other inventory including plastic pipe ware and components	**32,447**	22,020
Work in progress	**30,231**	21,593
Goods in transit	**70,940**	79,093
Right of return assets	**1,419**	1,071
Write-down of inventory to net realisable value	**(451,865)**	(427,540)
Total	**2,569,733**	**2,149,182**
The cost of inventories recognised as cost of sales in respect of write-downs of inventory to net realisable value	**8,654**	13,319
Inventory recognised as cost of sales in profit or loss	**4,790,515**	4,033,254

The 2021 closing balance excludes R730.4 million that was classified as held for sale.

26. Trade and other receivables	31 March 2022 R'000	2021 R'000
Trade receivables	**1,031,853**	1,053,070
Loss allowance	**(65,010)**	(78,755)
Prepaid expenses*	**19,940**	18,022
Receivables from associates	**60,805**	12,538
Dividend receivable from Joint venture	**60,198**	–
Other receivables **	**180,657**	97,852
Total	**1,288,443**	1,102,727

*Included in 'Prepaid expenses' is software license renewals, Nampo Harvest Day 2020, insurance, legal fees and rent.

** Included in 'Other receivables' is Value-Added Tax, supplier warranty claims, rebates receivable, trade creditors with debit balances, sundry debtors and miscellaneous receivables.

The 2021 closing balance excludes R512.4 million that was classified as held for sale.

The directors consider that the carrying value of trade and other receivables approximates fair value at the reporting date.

Movement in loss allowance

Balance at the beginning of the year	**78,755**	169,927
Acquisition of subsidiary	**(36)**	–
Derecognition on disposal of subsidiaries*	**(3,106)**	6,315
Amounts written off during the year, net of recoveries	**(5,702)**	(6,706)
Net remeasurement of loss allowance	**(4,800)**	1,904
Foreign currency translation	**(101)**	(8,153)
Transfer to assets held-for-sale	**–**	(84,532)
Balance at the end of the year	**65,010**	78,755

* The underlying asset, which is still receivable, was previously intergroup and eliminated in the prior financial period.

26. Trade and other receivables (continued)

	31 March		
	Weighted average expected credit loss rate	Gross carrying amount ^	Expected credit loss
Expected credit loss assessment for trade receivables	**%**	**R'000**	**R'000**
2022			
Less than 30 days	**2%**	**665,478**	**14,414**
31 to 60 days	**11%**	**168,723**	**17,969**
61 to 90 days	**13%**	**26,928**	**3,579**
91 to 120 days	**14%**	**12,330**	**1,780**
More than 120 days	**31%**	**33,929**	**10,617**
Debtors handed over to legal	**83%**	**20,147**	**16,651**
Closing balance	**7%**	**927,535**	**65,010**
2021			
Less than 30 days	2%	593,308	13,459
31 to 60 days	11%	189,001	20,300
61 to 90 days	9%	58,555	5,397
91 to 120 days	21%	13,627	2,841
More than 120 days	33%	74,478	24,469
Debtors handed over to legal	100%	12,289	12,289
Closing balance	8%	941,258	78,755

^ *This amount differs from total trade receivables as insured receivables are excluded from the table above.*

Set out above is the information about the credit risk exposure on the Group's trade receivables using an assessment matrix.

Approximately 10.1% (2021: 10.6%) of the gross carrying amount of the trade receivables are insured. All trade receivables which are not insured are provided for based on expected credit losses, determined predominantly by use of a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors, including, inflation, interest and exchange rates, state infrastructure spend, expected GDP growth and extended payment terms granted.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed. No one customer represents more than 6% (2021: 5%) of the total balance of trade receivables.

Trade receivables which have been written off are still subject to enforcement activity.

Receivables other than trade receivables are assessed individually based on their specific credit profile and business perfomance. Expected credit losses have not been identified in relation to these receivables.

Notes to the annual consolidated financial statements (continued)

for the year ended 31 March 2022

27. Cash and cash equivalents	31 March 2022 R'000	2021 R'000
Bank and cash balances	**582,354**	896,900
Bank overdrafts	**(53,379)**	(253,926)
Cash and cash equivalents in the statement of cash flows	**528,975**	642,974

The 2021 closing balance excludes R355.0 million that was classified as held for sale.

	31 March			
	Bank	Trading	Bank	Trading
	2022		2021	
Banking and trading facilities	R'000	R'000	R'000	R'000
Gross facility balances	**235,151**	**4,152,562**	396,694	4,485,817
Facilities utilised	**(53,379)**	**(1,641,649)**	(253,926)	(2,180,730)
Facilities available	**181,772**	**2,510,913**	142,768	2,305,087

Banking facilities include overdrafts and overnight loans. Trade facilities include letters of credit, vehicle and asset financing, trade financing commitments, forward exchange contract commitments and non-recourse facilities. These facilities may be cancelled by notice from the relevant facility provider and are secured by cross-sureties and/or cross-guarantees from Group companies. The directors are of the view that there are adequate facilities in place to operate for the next 12 months.

28. Ordinary share capital and premium	31 March 2022 R'000	2021 R'000
Authorised		
134 000 000 (2021: 134 000 000) ordinary shares of 5 cents each	**6,700**	6,700
Issued and fully paid		
104 727 070 (2021: 111 494 738) ordinary shares of 5 cents each	**5,236**	5,574
Unissued shares		
22 505 262 (2021:22 505 262) unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Ordinary share premium		
Ordinary share premium	**2,516,172**	2,679,310
Reconciliation of ordinary issued share capital and share premium:		
Balance at the beginning of the year - 111 494 738 shares (2021: 108 494 738)	**2,684,884**	2,658,575
Issued during the year - nil shares (2021: 3 000 000 shares)	**–**	26,309
Cancelled during the year - 6 767 668 shares (2021 : nil shares)	**(163,476)**	–
Balance at the end of the year - 104 727 070 shares (2021: 111 494 738)	**2,521,408**	2,684,884
Treasury shares		
Share capital 2022: nil (2021: 1 541 823) ordinary shares of 5 cents each	**–**	(77)
Share premium 2022 nil (2021: 1 541 823) ordinary shares	**–**	(49,329)
Closing balance	**–**	(49,406)
Reconciliation of treasury shares - share capital and premium:		
Balance at the beginning of the year - 1 541 823 shares (2021: 1 541 823)	**(49,406)**	(49,406)
Cancelled during the year - 1 541 823 shares (2021 : nil shares)	**49,406**	–
Balance at the end of the year - nil shares (2021: 1 541 823)	**–**	(49,406)

During the current financial year, the Group cancelled 6 767 668 ordinary shares which comprised the repurchase of 5 225 845 ordinary shares (repurchased for R148.1 million) and the 1 541 823 treasury shares (repurchased for R48.9 million) previously held. On 22 April 2022, the Group converted the par value ordinary shares into no par value shares (note 50, Events after the reporting date).

	31 March 2022 R'000	2021 R'000
29. Ordinary dividends		
Final		
A dividend of 60 cents per share was declared and paid during the current period (2021: 0 cents)	**66,897**	–
Dividends received on treasury shares held	**(925)**	–
Dividends distributed by The Humulani Employee Investment Trust	**3,685**	2,253
Total ordinary dividends paid	**69,657**	2,253

The Board of directors has approved and declared and a final dividend of 90 cents per share after the current reporting period which is not reflected above.

30. Preference shares

	2022 R'000	2021 R'000
Authorised		
18 000 000 (2021: 18 000 000) cumulative, non-participating preference shares with a par value of R100 each	**1,800,000**	1,800,000
Issued and fully paid		
7 500 000 (2021: 7 500 000) cumulative, non-participating preference shares of R100 each	**750,000**	750,000

The Group declared a final preference dividend of 470.10 cents (2021: 436.47 cents) per share and an interim preference dividend of 322.16 cents (2021: 314.88 cents) per share.

31. Other reserves

	2022 R'000	2021 R'000
Common control reserve	**(45,715)**	(125,413)
This relates to the buy-out of minority interests in the Kian Ann Group and various other entities.		
Share based payment reserve	**15,061**	12,656
This relates to the executive director long-term share incentive schemes.		
Other statutory reserves	**771**	14,610
The prior year reserves are legal requirements in China.		
Total	**(29,883)**	(98,147)

Reconciliation of other reserves

	2022 R'000	2021 R'000
Balance at the beginning of the year	**(98,147)**	(102,542)
Share based payment reserve		
Equity-settled share-based payments expense	**10,775**	3,566
Equity-settled share-based payments cancelled	**(8,370)**	–
Common control reserves		
Disposal of subsidiary	**85,888**	–
Acquisition of non-controlling interest	**(6,062)**	–
Transfer between reserves	**–**	611
Other statutory reserves		
Disposal of subsidiary	**(13,921)**	–
Other reserves movement	**(46)**	(38)
Transfer between reserves	**–**	256
Balance at the end of the year	**(29,883)**	(98,147)

32. Borrowings

	31 March 2022 R'000	31 March 2021 R'000
Secured borrowings		
Mortgage bonds	**173,658**	246,565
The mortgage bond contracts are for a period of 120 months. The mortgage bonds attract interest at a prime linked rate. These bonds are secured by certain land and buildings (note 13).		
US Dollar loan from Standard Bank	**–**	370,878
The loan attracted interest at a fixed rate of 4.89% per annum and was repaid by March 2022. The loan was secured by cross-sureties provided by Group companies.		
GBP loan from Standard Bank	**153,183**	–
The loan bears interest at a variable rate linked to SONIA and matures in December 2024. The loan was secured by cross-sureties provided by Group companies.		
Nedbank term loan	**582,432**	–
The Group had a R500 million revolving credit facility which was increased to R750 million in the current financial period. This is now available until February 2025 and bears interest at a rate linked to the JIBAR overnight deposit rate. The facility is secured by cross-sureties provided by Group companies.		
ABSA term loans	**–**	525,000
A R300 million loan and a R225 million loan both attracting interest at a rate linked to three-month JIBAR were settled by March 2022. The loans were secured by cross-sureties provided by Group companies.		
RMB term loan	**35,000**	–
A R750 million revolving credit facility was established in the current financial period at a rate linked to the JIBAR overnight deposit rate. This facility is available until February 2025 and is secured by cross-sureties provided by Group companies.		
ABSA USD loan	**105,286**	106,336
The loan bears interest at a fixed rate of 3.80% per annum and matures in February 2023. The loan is secured by cross-sureties provided by Group companies.		
Asset financing loan	**55,961**	–
The recourse discounting facility bears interest at the prime overdraft rate minus 0.5% and is repayable over a period varying from 48 to 60 months.		
Unsecured borrowings		
Borrowings from various lenders	**37,083**	37,691
The amounts payable are unsecured, bear interest at a range of between 3.3% and 8.75% p.a., and have varying repayment terms. The loans are long-term in nature and from a diverse range of lenders.		
Total borrowings	**1,142,603**	1,286,470
***Less*: Current borrowings**	**(165,644)**	(548,836)
Non-current borrowings	**976,959**	737,634

	31 March 2022 R'000	31 March 2021 R'000
32. Borrowings (continued)		
Gross carrying amount of borrowings are repayable as follows:		
Due within one year	**223,349**	639,616
Due in the second to fifth years inclusive	**1,033,140**	752,017
Due in more than five years	**55,957**	67,986
	1,312,446	1,459,619
Unearned finance costs	**(169,843)**	(173,149)
Total	**1,142,603**	1,286,470
Net carrying amount of borrowings are repayable as follows:		
Due within one year	**165,644**	548,836
Due in the second to fifth years inclusive	**927,627**	677,105
Due in more than five years	**49,332**	60,529
Total	**1,142,603**	1,286,470

There is no limit on the Group's borrowings and guarantees in terms of the Company's memorandum of incorporation.

The 2021 closing balance excludes R105.0 million that was classified as held for sale.

Refer to note 41 for a reconciliation of the movement in borrowings.

The fair value of borrowings approximates the carrying value at the reporting date.

33. Right-of-use lease liabilities

	2022 R'000	2021 R'000
Carrying amount at the beginning of the year	**309,393**	530,261
Right-of-use lease liability recognised	**51,605**	52,625
Interest accrued	**26,586**	38,752
Lease modification	**(59)**	(1,259)
Payments of capital	**(74,394)**	(83,135)
Payments of interest	**(26,287)**	(38,204)
Rental discount received	-	(1,273)
Acquisition of subsidiary	**21,379**	-
Disposal of subsidiaries	-	(22,111)
Right-of-use lease liability derecognised	**(28,925)**	(33,926)
Classfied as liabilities held for sale	-	(111,683)
Foreign currency translation	**(3,010)**	(20,654)
Total right-of-use lease liabilities	**276,288**	309,393
***Less:* Current portion of right-of-use lease liabilities**	**(74,831)**	(71,761)
Non-current right-of-use lease liabilities	**201,457**	237,632
Gross carrying amount of right-of-use lease liabilities is as follows:		
Due within one year	**96,720**	97,559
Due in the second to fifth years inclusive	**206,425**	239,757
Due in more than five years	**42,411**	52,749
	345,556	390,065
Unearned interest costs	**(69,268)**	(80,672)
Total	**276,288**	309,393
Net carrying amount of right-of-use lease liability is as follows:		
Due within one year	**74,831**	71,761
Due in the second to fifth years inclusive	**165,770**	190,212
Due in more than five years	**35,687**	47,420
Total	**276,288**	309,393

Notes to the annual consolidated financial statements (continued)

for the year ended 31 March 2022

		31 March	
		2022	2021
34.	**Finance lease liabilities**	**R'000**	R'000
	Gross carrying amount of the finance lease liabilities is as follows:		
	Due within one year	**36,708**	73,989
	Due in the second to fifth years inclusive	**23,675**	48,208
		60,383	122,197
	Unearned interest on finance lease liabilities	**(4,271)**	(5,994)
	Total	**56,112**	116,203
	Net carrying amount of the finance lease liabilities is as follows:		
	Due within one year	**33,911**	69,917
	Due in the second to fifth years inclusive	**22,201**	46,286
	Total	**56,112**	116,203

The finance lease liabilities bear interest at a variable interest rate of between 6.5% and 7.4% and these liabilities are repayable over a period varying from 3 to 40 months.
Refer to note 41 for a reconciliation of the movement in the finance lease liabilities.

35.	**Profit share liability**		
	Reconciliation of profit share liability:		
	Balance at the beginning of the year	**79,624**	75,287
	Fair value adjustment recognised in profit or loss	**(9,266)**	4,557
	Paid during the financial period	**(6,350)**	–
	Other adjustments	**(1,161)**	–
	Foreign currency translation	**45**	(220)
	Balance at the end of the year	**62,892**	79,624

The liability relates to the Group's obligation to purchase notional shares from certain branch managers, in the event that the branch managers employment with the Group is terminated for any reason whatsoever or wish to dispose of their notional shares. The liability is determined as the amount equal to three times the average annual profit after taxation achieved by the branch in the 24 months prior to the date of the event, multiplied by 20%.

36.	**Trade and other payables**		
	Trade payables	**941,648**	809,917
	Other payables*	**258,856**	212,325
	Deferred income	**30,622**	–
	Payables to associates	**30,897**	–
	Forward exchange contracts	**24,320**	10,995
	Refund liabilities	**1,791**	1,430
	Employee benefit accruals - leave pay accrual	**41,533**	40,313
	Total	**1,329,667**	1,074,980

* Other payables comprise of VAT payable, transport, agency commission, royalty and rebate accruals, debtors with credit balances and accrued expenses.
The 2021 closing balance excludes R256.4 million that was classified as liabilities held for sale.
The directors are of the opinion that trade and other payables approximate fair value as at the reporting date.

Set out below is the movement in deferred income:

Balance at the beginning of the year	–	–
Movement during the period	**30,622**	–
Balance at the end of the year	**30,622**	–

KMP which was acquired on the 1st January 2022, pre-invoices customers to facilitate the customs clearing process to international customers. Deferred income is normally realised into revenue within 60 days, subject to the inco terms.

37. Provisions

	31 March 2022 R'000	31 March 2021 R'000
Employee benefit provisions	**205,872**	132,496
Warranty provisions	**3,038**	6,925
Total	**208,910**	139,421
Reconciliation of provisions:		
Employee benefit provisions		
Balance at the beginning of the year	**132,496**	123,799
Recognised in profit or loss*	**184,858**	103,764
Utilised during the current year	**(110,346)**	(72,797)
Disposal of subsidiary	**(874)**	(7)
Classified as liabilities held for sale	**–**	(16,937)
Transfer to other payables	**–**	(3,020)
Foreign currency translation	**(262)**	(2,306)
Balance at the end of the year	**205,872**	132,496

The provisions for employee benefits represent the estimated amount that the Group has a present obligation to pay for employee bonus incentives provided up to the reporting date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

	2022 R'000	2021 R'000
Warranty provisions		
Balance at the beginning of the year	**6,925**	18,434
Recognised in profit or loss*	**(2,669)**	(754)
Utilised during the current year	**(1,218)**	(644)
Disposal of subsidiary	**–**	(1,321)
Transfer from other payables	**–**	(8,750)
Foreign currency translation	**–**	(40)
Balance at the end of the year	**3,038**	6,925

The provision has been recognised for expected warranty claims on certain products sold during the last 3 reporting periods. Management judgement is required to determine the value of the provision as the amount of the provision is uncertain, but a reasonable estimate has been made. The expected timing of the utilisation of the provision is uncertain, but it is estimated to be within the next 3 reporting periods. Due to the timing of the utilisation of this provision being uncertain, it has been classified as current.

* Recognised in Selling, administration and distribution costs on the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

38. Reconciliation of profit before tax to cash generated from operations

	Notes	31 March 2022 R'000	2021 R'000
Profit before taxation		**1,078,544**	585,988
From continuing operations		**687,652**	457,525
From discontinued operations	11	**390,892**	128,463
Adjusted for:			
Depreciation		**178,853**	214,096
Amortisation		**24,030**	34,729
Impairment of property, plant and equipment		**409**	3,396
Impairment of goodwill	17	**–**	21,456
Expected credit losses on loan receivables	21	**(5,178)**	(8,643)
Fair value adjustment on assets held for sale	12	**–**	76,864
Rental concession discount	33	**–**	(1,273)
Fair value adjustment on profit share liability	41	**(9,266)**	4,557
Profit on disposal of property, plant and equipment	6	**(11,443)**	(1,996)
Profit on disposal of investments and businesses	43	**(68,714)**	(98,596)
Profit on derecognition of right-of-use asset and right-of-use lease liabilities		**(12,654)**	(7,241)
Loss on disposal of property, plant and equipment		**3,189**	4,507
Loss on disposal of a business/investments	43	**5,660**	4,126
Loss on derecognition of right-of-use asset and right-of-use lease liabilities		**6,035**	–
Lease smoothing		**2,563**	(688)
Distributable reserve recognised *		**(46)**	(38)
Remeasurement gain on fair value of investment in joint venture previously held	11	**(399,919)**	–
Retirement obligation accrual		**(81)**	–
Revaluation of derivatives		**12,432**	7,699
Finance costs		**108,585**	194,526
Finance cost on financing transactions		**7,721**	7,999
Dividend received		**–**	(2,230)
Finance income		**(27,309)**	(53,482)
Finance income from financing transactions	4	**(11,809)**	(19,160)
Share-based payment expenses - equity settled	31	**10,775**	3,565
Share of profits of associate	23	**(6,378)**	(40,218)
Share of profits of joint venture**	24	**(89,300)**	(37,886)
Elimination of unrealised losses in associates and joint ventures		**602**	489
Cash generated before movements in working capital (carried forward)		**797,301**	892,546
Working capital changes:		**180,820**	964,390
(Increase)/decrease in inventories		**(240,512)**	558,366
(Increase)/decrease in trade and other receivables		**(23,546)**	166,348
Increase in trade and other payables		**346,157**	212,811
Increase in provisions		**70,607**	12,929
Decrease in net investment in finance leases ***		**28,114**	13,936
Cash generated from operations		**978,121**	1,856,936

* Statutory reserve raised in China where a portion of the loss is taken to a reserve.

** The current financial period excludes R12.6 million relating to discontinued operations.

*** The Group finances certain capital equipment transactions to customers at market related interest rates, resulting in the recognition of a net investment in finance leases (note 20). The financed asset consequently serves as security for the lease transactions. As a result, the cash flow implications of the net investment in finance leases are considered to be cash flows

		31 March	
		2022	2021
39.	**Dividends paid to Group shareholders**	**R'000**	R'000
	Amounts unpaid at the beginning of the year	**(27,386)**	(35,058)
	Ordinary dividends accrued	**(69,657)**	(2,253)
	Preference dividends accrued	**(57,253)**	(58,450)
	Amounts unpaid at the end of the year	**23,307**	27,386
	Total	**(130,989)**	(68,375)

40.	**Taxation paid**		
	Amounts unpaid at the beginning of the year	**5,883**	(218,532)
	Acquisition of subsidiary	**(42,339)**	–
	Recognised in profit or loss	**(158,958)**	(200,931)
	Derecognised on disposal of subsidiary	**55,775**	(175)
	Foreign currency translation	**(528)**	–
	Amounts unpaid at the end of the year	**(43,322)**	(5,883)
	Total	**(183,489)**	(425,521)
	Comprising of:		
	Payment of specific taxation expense	**–**	(200,000)
	Current and withholding tax paid	**(183,489)**	(225,521)
	Total	**(183,489)**	(425,521)

41. Changes in liabilities arising from financing activities

	Borrowings	Finance lease liability	Profit share liability	Total
	R'000	R'000	R'000	R'000
Carrying amount at 31 March 2020	2,528,353	135,459	75,287	2,739,099
Funds raised	208,654	120,190	–	328,844
Interest accrued	109,013	7,116	–	116,129
Payments	(1,245,516)	(132,528)	–	(1,378,044)
Fair value adjustment through OCI	1,410	–	–	1,410
Fair value adjustment	–	–	4,557	4,557
Disposal of subsidiary/businesses	–	(9,123)	–	(9,123)
Classified as liabilities held for sale	(187,796)	(4,463)	–	(192,259)
Other non-cash items	4,836	–	–	4,836
Foreign currency translation	(132,484)	(448)	(220)	(133,152)
Carrying amount at 31 March 2021	**1,286,470**	**116,203**	**79,624**	**1,482,297**
Funds raised	**1,300,135**	**44,169**	**–**	**1,344,304**
Interest accrued	**72,534**	**5,807**	**–**	**78,341**
Payments of capital	**(1,501,824)**	**(104,190)**	**(6,350)**	**(1,612,364)**
Payments of interest	**(70,667)**	**(5,824)**	**–**	**(76,491)**
Fair value adjustment	**–**	**–**	**(9,266)**	**(9,266)**
Acquisition of subsidiaries	**36,297**	**–**	**–**	**36,297**
Liabilities held for sale reinstated *	**187,796**	**4,463**	**–**	**192,259**
Disposal of subsidiary/businesses	**(222,082)**	**(4,422)**	**–**	**(226,504)**
Other non-cash items	**442**	**–**	**(1,161)**	**(719)**
Vehicle asset financing non-cash item	**68,130**	**–**	**–**	**68,130**
Foreign currency translation	**(14,628)**	**(94)**	**45**	**(14,677)**
Carrying amount at 31 March 2022	**1,142,603**	**56,112**	**62,892**	**1,261,607**
2021				
Non- current	737,634	46,286	–	783,920
Current	548,836	69,917	79,624	698,377
Total	1,286,470	116,203	79,624	1,482,297
2022				
Non-current	**976,959**	**22,201**	**–**	**999,160**
Current	**165,644**	**33,911**	**62,892**	**262,447**
Total	**1,142,603**	**56,112**	**62,892**	**1,261,607**

* The liabilities classified as held for sale in the prior year were reinstated ito better illustrate the impact of the disposal of the subsidiary in this note.

42. Acquisition of subsidiaries

KMP Holdings Limited ("KMP")

KMP is a leading independent supplier of aftermarket heavy-duty diesel engine parts for industrial and agricultural machinery. KMP's main distribution facilities are located in Chertsey (UK) as well as Houston and Miami (USA). KMP was established more than 20 years ago and has a global customer base actively selling in more than 150 countries worldwide. KMP-branded products include aftermarket parts sourced from over 300 regular suppliers which are suitable for Komatsu®, Caterpillar®, Cummins®, Perkins®, Detroit Diesel® and John Deere® engines. KMP has been a specialist provider of diesel engine spare parts suitable for Komatsu® since 1994, Caterpillar® since 1996, Cummins® since 1994 and Perkins® since 2014. KMP-branded parts are widely recognised in the global aftermarket industry for their high quality, reliability and value.

Part of Invicta's strategic focus is to diversify into new geographical areas in the industries and markets in which Invicta has significant experience and strong management capabilities. As such, KMP fits this profile. The Invicta subsidiary, Equipment Spare Parts Africa (Pty) Ltd, is a major customer of KMP and, as such, the acquisition will provide cross training and skilling opportunities, as well as potential economies of scale.

Kian Ann Group

The current year acquisitions detailed below are recognized as wholly-owned subsidiaries of the Kian Ann Group ("KAG") and are simultaneously disposed of as part of the "loss of control" in the KAG. As part of the series of transactions leading to the loss of control in the KAG, a controlling interest was acquired in Modesty Investment Group (MIH) and Kunshan Kensetsu Buhin Co. (KKB) by Kian Ann Engineering (KAE) which required the existing joint venture investments to be recognised at fair value.

Subsidiary	Previous	Acquisition type	Acquisition date	Purchase
KMP Holdings Limited	0.00%	Acquisition of 100% of issued share capital	01 January 2022	R273 million
Modesty Investment Group Pte Ltd ("MIH")	50.01%	Acquisition of 49.99% of issued share capital to increase holding to 100%	01 August 2021	R323 million
Kunshan Kensetsu Buhin Co. Ltd ("KKB")	27.60%	Acquisition of 72.396% of issued share capital to increase holding to 100%	01 August 2021	R63 million

The acquisition of the above share capital resulted in the Group acquiring control over the aforementioned subsidiaries.

42. Acquisition of subsidiaries (continued)

Identifiable assets acquired and liabilities

	31 March			
	KMP Holdings Limited	Modesty Investment Group Pte Ltd	Kunshan Kensetsu Buhin Co. Ltd	Total
2022	**R'000**	**R'000**	**R'000**	**R'000**
Fair value of net assets acquired:				
Property, plant and equipment	59,284	9,655	60,229	129,168
Right-of-use assets	21,379	–	–	21,379
Other intangible assets	21,284	79,236	82,978	183,498
Loan receivables	–	–	2,175	2,175
Bank and cash	6,282	59,039	71,057	136,378
Inventories	222,685	69,483	210,245	502,413
Trade and other receivables	89,183	67,152	302,829	459,164
Current taxation assets	–	–	17,584	17,584
Deferred taxation	(5,218)	(19,600)	(17,849)	(42,667)
Borrowings	(33,302)	(2,995)	–	(36,297)
Right-of-use lease liabilities	(21,378)	–	–	(21,378)
Trade and other payables	(128,325)	(118,492)	(494,708)	(741,525)
Shareholders for dividends	–	–	(85,199)	(85,199)
Current taxation liabilities	(3,179)	(56,744)	–	(59,923)
Fair value of net assets acquired	228,695	86,734	149,341	464,770
Cash purchase price	272,767	67,737	63,448	403,952
Non-cash purchase consideration - loan account	–	255,171	–	255,171
Fair value of investments in joint ventures	–	363,417	191,095	554,512
Fair value of net assets acquired	(228,695)	(86,734)	(149,341)	(464,770)
Goodwill	44,072	599,591	105,202	748,865
Cash purchase price	(272,767)	(67,737)	(63,448)	(403,952)
Bank and cash acquired	6,282	59,039	71,057	136,378
Cash (outflow)/inflow on acquisitions of	(266,485)	(8,698)	7,609	(267,574)
Profit after taxation since acquisition date included in the consolidated results for the year	452	–	–	452
Revenue since acquisition date included in the consolidated results for the year	110,810	–	–	110,810
Profit after taxation should the business combinations have been included for the entire year	27,180	30,217	139,224	196,621
Revenue should the business combinations have been included for the entire year	528,995	729,392	1,735,288	2,993,674

Goodwill

The fair value of the investments and purchase consideration paid for MIH and KKB exceeded the “at acquisition” fair value of the net assets of MIH and KKB, resulting in the goodwill recognised. The consideration paid for these combinations included amounts in relation to expected synergies, revenue growth and future market development. The KMP goodwill arose from the expected benefit from cross training and skilling opportunities as well as economies of scale the Group expects to achieve.

42. Acquisition of subsidiaries (continued)

Determination of the fair value of MIH and KKB joint venture investments previously

The fair value of the investments in the previously held joint ventures have been determined by using the discounted cash flow method. The Group based its cash flow calculations on the five-year forecasted information. The forecast average growth rates were used to extrapolate cash flows from year 2 to year 5 and the long-term average growth rate was used to calculate the terminal value. The post-tax discount rates used reflect specific risks relating to the relevant joint ventures whilst maximising the use of market observable data. Assumptions of growth rates are closely linked to entity-specific key performance indicators i.e., product supply and margin pressures.

	31 March			
2022	**Post-tax discount rate**	**Terminal value growth rate**	**Year 1 -3 annual growth rate**	**Year 4 - 5 annual growth rate**
Joint venture	**%**	**%**	**%**	**%**
MIH	**7.43%**	**0.30%**	**1.00%**	**0.50%**
KKB	**9.26%**	**0.30%**	**1.00%**	**0.50%**

Sensitivity analysis

The fair values of the investments in the joint ventures previously held are sensitive to the growth rates and weighted average cost of capital used. The effect of changes in these inputs will result in the valuations noted below:

	31 March			
2022	**Fair value of the investment in joint ventures previously held**	**Consideration**	**Net asset value including intangible assets**	**Goodwill***
Description	**R'000**	**R'000**	**R'000**	**R'000**
Based on documented assumptions:				
MIH	**363,417**	**322,908**	**86,734**	**599,591**
KKB	**191,095**	**63,448**	**149,341**	**105,202**
Growth rate increased by 50% of the original factor				
MIH	**376,117**	**322,908**	**86,734**	**612,291**
KKB	**199,048**	**63,448**	**149,341**	**113,155**
Growth rate reduced by 50% of the original factor				
MIH	**350,020**	**322,908**	**86,734**	**586,194**
KKB	**183,434**	**63,448**	**149,341**	**97,541**
1% increase in WACC				
MIH	**323,742**	**322,908**	**86,734**	**559,916**
KKB	**165,810**	**63,448**	**149,341**	**79,917**
1% decrease in WACC				
MIH	**414,552**	**322,908**	**86,734**	**650,726**
KKB	**222,727**	**63,448**	**149,341**	**136,834**

*Goodwill is calculated by deducting the net asset value from the sum of the fair value of the investment in the joint ventures previously held and the consideration values.

43. Disposal of businesses and subsidiaries

Kian Ann Group (KAG)

The group entered into a series of transactions which resulted in the Group reducing its shareholdings in KAG from 100% to 48.81% on 1 August 2021 and KAG increasing its interest in MIH and KKB to 100%. MIH and KKB have become fully owned subsidiaries of KAG, see note 12 and 42 for further detail.

The transactions have resulted in a disposal of KAG as a subsidiary, due to loss of control. For the acquired investment of 48.81% in KAG, the Group concluded that it has met the conditions required for joint control in accordance with IFRS 11 *Joint Arrangements* and have accounted for the transaction as an investment in joint venture applying the equity method, refer to note 1.3 Significant judgements and estimates.

The transactions occurred concurrently and were accounted for using a bottom up approach in terms of IFRS 10 *Consolidated Financial Statements*, with the entries affecting the lower levels of the consolidation recorded before those affecting the higher levels. This has resulted in the acquisition of MIH and KKB as subsidiaries of KAG (note 42) before the disposal of the controlling interest in KAG. These disposal steps resulted in a fair value gain on remeasurement of joint ventures of R399 million recognised in profit or loss from discontinued operations.

Minor subsidiaries

The Group disposed of a controlling interest in AME Rustenburg (Pty) Ltd and AME Thabazimbi (Pty) Ltd on 1 May 2021 and 1 November 2021 respectively, and disposed of a number of branches over the current period. The loss of control transaction of AME Rustenburg (Pty) Ltd and AME Thabazimbi (Pty) Ltd has been recognised as a disposal of subsidiary and has subsequently been recognised as an investment in associates due to the Group retaining significant influence over that investment. The branches were sold to companies in which the Group holds a minority share investment with significant influence and have been recognised as investments in associates, refer to note 23.

Rustenburg Engineering and Foundry (Pty) Ltd

On 12 November 2021, the Group approved and entered a Sale of Shares Agreement for the disposal of its 100% shareholding in Rustenburg Engineering and Foundry Proprietary Limited for a discounted purchase consideration of R9 million effective 1 October 2021. The disposal was in line with the Group's rationalisation to focus on core businesses. Rustenburg Engineering and Foundry Proprietary Limited is reported in the RSS: Industrial segment up until the disposal date.

The Group has not accounted for the disposal as a discontinued operation in the current and prior financial period as the transaction is deemed to be immaterial.

Minor subsidiaries

Prior period

The Group disposed of a number of minor subsidiaries during the prior year. A.T. Group Holdings Co., Ltd. and A.T. Truck & Bus Parts Co., Ltd were disposed of on 1 October 2020. Controlling interests in AME Lephalale (Pty) Ltd and AME eMalahleni (Pty) Ltd previously Alpha Bearings (Pty) Ltd) were disposed of on 1 October 2020 and 1 March 2021 respectively. The transactions were deemed disposals of the subsidiaries and were subsequently been recognised as investments in associates, refer to note 23.

CEG Agricultural businesses

Prior period

In July 2020 an agreement was reached to dispose of the net assets excluding cash, interest-bearing debt and non-trading assets and liabilities of a number of the Capital Equipment Group's ("CEG") operating divisions, namely CSE, Northmec, NHSA and Landboupart, to CNH Industrial SA Proprietary Limited (CNHi). The rationale for the Invicta Group was to consider applying the disposal consideration in the short-term, to reduce the most expensive debt of the Group, hereby realigning its funding and enabling the Group to focus on other strategic initiatives and its core operations. The conditions were all met and the transaction took effect on 31 December 2020.

The effective date of sale was at a purchase consideration equal to the tangible net asset value of the operations on the effective date, excluding interest bearing debt and cash, plus an additional US$6 million goodwill payable in 3 equal instalments over a three-year period. The goodwill payment is the profit on disposal, and the recognition is described below.

43. Disposal of businesses and subsidiaries (continued)

	31 March			
	Rustenburg Engineering and Foundry (Pty) Ltd	The Kian Ann Group	Minor subsidiaries	Total
A summary of the financial impact of the disposal is disclosed below:	2022			
	R'000	R'000	R'000	R'000
Net assets disposed				
Property, plant and equipment	**1,089**	**651,078**	**1,087**	**653,254**
Right-of-use assets	**–**	**76,293**	**–**	**76,293**
Goodwill	**–**	**704,793**	**–**	**704,793**
Other intangible assets	**–**	**166,555**	**–**	**166,555**
Loan receivables	**–**	**(74,689)**	**–**	**(74,689)**
Investment in joint venture	**–**	**(698)**	**–**	**(698)**
Deferred taxation asset	**2,415**	**39,891**	**1,116**	**43,422**
Inventories	**4,704**	**995,942**	**3,473**	**1,004,119**
Trade and other receivables	**10,599**	**952,037**	**15,182**	**977,818**
Current taxation assets	**–**	**17,591**	**1,087**	**18,678**
Bank and cash	**5,554**	**725,704**	**15,108**	**746,366**
Finance lease liabilities	**–**	**(4,422)**	**–**	**(4,422)**
Borrowings	**–**	**(222,082)**	**–**	**(222,082)**
Right-of-use lease liabilities	**–**	**(110,914)**	**–**	**(110,914)**
Trade and other payables	**(8,863)**	**(1,088,933)**	**(25,307)**	**(1,123,103)**
Provisions	**(838)**	**(16,918)**	**(36)**	**(17,792)**
Deferred taxation liability	**–**	**(66,861)**	**–**	**(66,861)**
Current taxation liability	**–**	**(74,077)**	**(376)**	**(74,453)**
Shareholders for dividends	**–**	**(146,898)**	**–**	**(146,898)**
Bank overdraft	**–**	**(5,399)**	**–**	**(5,399)**
Reserves	**–**	**(549,390)**	**–**	**(549,390)**
Non-controlling interests	**–**	**(287,455)**	**–**	**(287,455)**
Net assets disposed of	**14,660**	**1,681,148**	**11,334**	**1,707,142**
Cash proceeds received	**6,750**	**436,885**	**3,187**	**446,822**
Payment of liability on disposal	**–**	**–**	**(2,440)**	**(2,440)**
Non-cash proceeds - loan account settlement	**–**	**46,661**	**–**	**46,661**
Interest in joint venture/associate raised	**–**	**1,226,259**	**1,252**	**1,227,511**
Proceeds receivable	**2,250**	**–**	**49,392**	**51,642**
Net assets disposed	**(14,660)**	**(1,681,148)**	**(11,334)**	**(1,707,142)**
(Loss)/profit on disposal*	**(5,660)**	**28,657**	**40,057**	**63,054**
Cash proceeds received	**6,750**	**436,885**	**747**	**444,382**
Bank and cash disposed	**(5,554)**	**(720,305)**	**(15,108)**	**(740,967)**
Total cash outflow on disposal	**1,196**	**(283,420)**	**(14,361)**	**(296,585)**

*Recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in selling, administration and distribution costs (note 6).

43. Disposal of businesses and subsidiaries (continued)

	31 March		
	CEG Agricultural businesses	Minor subsidiaries	Total
		2021	
A summary of the financial impact of the disposal is disclosed below:	R'000	R'000	R'000
Net assets disposed			
Property, plant and equipment	14,484	592	15,076
Right-of-use assets	15,663	582	16,245
Other intangible assets	–	1,911	1,911
Finance lease receivables	9,677	–	9,677
Deferred taxation asset	–	336	336
Inventories	657,182	118	657,300
Trade and other receivables	136,385	8,256	144,641
Current taxation assets	–	175	175
Bank and cash	–	5,079	5,079
Finance lease liabilities	(9,123)	–	(9,123)
Right-of-use lease liabilities	(21,513)	(598)	(22,111)
Trade and other payables	(616,111)	(10,540)	(626,651)
Provisions	(1,321)	(7)	(1,328)
Non-controlling interests	–	2,842	2,842
Net assets disposed	185,323	8,746	194,069
Proceeds received	89,300	–	89,300
Interest in associate acquired on disposal	–	1,503	1,503
Proceeds receivable	172,787	24,949	197,736
Net assets disposed	(185,323)	(8,746)	(194,069)
Profit on disposal	76,764	17,706	94,470
Net assets disposed	185,323	8,746	194,069
Profit on disposal	76,764	17,706	94,470
Proceeds receivable and associate acquired	(172,787)	(26,452)	(199,239)
Bank and cash disposed	–	(5,079)	(5,079)
Total cash inflow/(outflow) on disposal	89,300	(5,079)	84,221

44. Directors' and prescribed officers' emoluments

Fees and employment benefits

	31 March					
	Directors' fees	Audit and Remuneration Committee fees	Salary and benefits	Retirement benefits	Performance related remuneration	Total
2022	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Executive directors *						
S. Joffe	–	–	6,473	484	7,697	14,654
C. Barnard	–	–	3,509	355	3,502	7,366
A.M. Sinclair	–	–	4,071	339	4,961	9,371
G.M. Pelser	–	–	5,503	538	2,479	8,520
N. Rajmohamed	–	–	3,300	247	1,913	5,460
	–	–	22,856	1,963	20,552	45,371
Non-executive directors						
C.H. Wiese	973	54	–	–	–	1,027
J.D. Wiese	421	–	–	–	–	421
L.R. Sherrell	259	–	–	–	–	259
R.A. Wally	277	483	–	–	–	760
M. Makwana	326	316	–	–	–	642
F. Davidson	276	137	–	–	–	413
I. van Heerden	317	54	–	–	–	371
Total	2,849	1,044	22,856	1,963	20,552	49,264

** The directors' emoluments paid to the executive directors are paid by a subsidiary of Invicta Holdings Limited.*

2021						
Executive directors *						
S. Joffe	–	–	5,708	319	997	7,024
C. Barnard	–	–	3,100	287	1,257	4,644
A.M. Sinclair	–	–	3,763	177	2,315	6,255
G.M. Pelser	–	–	5,177	283	981	6,441
N. Rajmohamed	–	–	2,911	163	440	3,514
	–	–	20,659	1,229	5,990	27,878
Non-executive directors						
C.H. Wiese	950	68	–	–	–	1,018
D.I. Samuels ***	65	144	–	–	–	209
J.D. Wiese	228	–	–	–	–	228
L.R. Sherrell	165	26	–	–	–	191
R.A. Wally	213	315	–	–	–	528
M. Makwana **	197	175	–	–	–	372
F. Davidson **	131	77	–	–	–	208
I. van Heerden **	150	4	–	–	–	154
B. Nichles ***	29	–	–	–	–	29
	2,128	809	–	–	–	2,937
Total	2,128	809	20,659	1,229	5,990	30,815

** The directors' emoluments paid to the executive directors are paid by a subsidiary of Invicta Holdings Limited.*

*** M. Makwana, F. Davidson and I. van Heerden were appointed as non-executive directors with effect from 1 May 2020.*

**** D.I. Samuels and B. Nichles resigned as non-executive directors with effect from 31 July 2020 and 1 May 2020 respectively.*

Notes to the annual consolidated financial statements (continued)

for the year ended 31 March 2022

44. Directors' and prescribed officers' emoluments

Equity-settled share-based payments

				31 March				
2022	**Outstanding rights beginning of year**	**Fair value of one option at grant date**	**Granted during the year**	**Lapsed and cancelled during the year**	**Exercised during the year**	**Outstanding rights end of year**	**Date granted/ adjusted**	**Option value - Black Scholes (Rands)**
S. Joffe	**1,585,000**		**616,082**	**–**	**–**	**2,201,082**		
	985,000	**17.93**	**–**	**–**	**–**	**985,000**	**17 Feb 21**	**7.60**
	600,000	**17.93**	**–**	**–**	**–**	**600,000**	**17 Feb 21**	**7.06**
	–	**30.44**	**616,082**	**–**	**–**	**616,082**	**31 Jan 22**	**10.46**
C. Barnard	**562,996**		**237,306**	**(109,999)**	**–**	**690,303**		
	78,027	**54.30**	**–**	**(39,014)**	**–**	**39,013**	**27 Jun 17**	**16.02**
	141,969	**37.90**	**–**	**(70,985)**	**–**	**70,984**	**25 Jun 18**	**10.46**
	343,000	**17.93**	**–**	**–**	**–**	**343,000**	**17 Feb 21**	**7.60**
	–	**30.44**	**237,306**	**–**	**–**	**237,306**	**31 Jan 22**	**10.46**
A.M. Sinclair	**668,682**		**253,532**	**(150,342)**	**–**	**771,872**		
	82,709	**54.30**	**–**	**(41,355)**	**–**	**41,354**	**27 Jun 17**	**16.02**
	217,973	**37.90**	**–**	**(108,987)**	**–**	**108,986**	**25 Jun 18**	**10.46**
	368,000	**17.93**	**–**	**–**	**–**	**368,000**	**17 Feb 21**	**7.60**
	–	**30.44**	**253,532**	**–**	**–**	**253,532**	**31 Jan 22**	**10.46**
N. Rajmohamed	**389,834**		**223,315**	**(37,917)**	**–**	**575,232**		
	75,834	**35.82**	**–**	**(37,917)**	**–**	**37,917**	**06 Jul 18**	**9.89**
	314,000	**17.93**	**–**	**–**	**–**	**314,000**	**17 Feb 21**	**7.60**
	–	**30.44**	**223,315**	**–**	**–**	**223,315**	**31 Jan 22**	**10.46**
G.M. Pelser	**706,825**		**344,941**	**(102,912)**	**–**	**948,854**		
	62,422	**54.30**	**–**	**(31,211)**	**–**	**31,211**	**27 Jun 17**	**16.02**
	143,403	**37.90**	**–**	**(71,701)**	**–**	**71,702**	**25 Jun 18**	**10.46**
	501,000	**17.93**	**–**	**–**	**–**	**501,000**	**17 Feb 21**	**7.60**
	–	**30.44**	**344,941**	**–**	**–**	**344,941**	**31 Jan 22**	**10.46**
L. Mpumlwana*	**–**		**114,323**	**–**	**–**	**114,323**		
	–	**30.44**	**114,323**	**–**	**–**	**114,323**	**31 Jan 22**	**10.46**
2021								
S. Joffe	–		1,585,000	–	–	1,585,000		
	–	17.93	985,000	–	–	985,000	17 Feb 21	7.60
	–	17.93	600,000	–	–	600,000	17 Feb 21	7.06
C. Barnard	298,024		343,000	(78,028)	–	562,996		
	156,055	54.30	–	(78,028)	–	78,027	27 Jun 17	16.02
	141,969	37.90	–	–	–	141,969	25 Jun 18	10.46
	–	17.93	343,000	–	–	343,000	17 Feb 21	7.60
A.M. Sinclair	383,391		368,000	(82,709)	–	668,682		
	165,418	54.30	–	(82,709)	–	82,709	27 Jun 17	16.02
	217,973	37.90	–	–	–	217,973	25 Jun 18	10.46
	–	17.93	368,000	–	–	368,000	17 Feb 21	7.60
N. Rajmohamed	75,834		314,000	–	–	389,834		
	75,834	35.82	–	–	–	75,834	06 Jul 18	9.89
	–	17.93	314,000	–	–	314,000	17 Feb 21	7.60
G.M. Pelser	268,247		501,000	(62,422)	–	706,825		
	124,844	54.30	–	(62,422)	–	62,422	27 Jun 17	16.02
	143,403	37.90	–	–	–	143,403	25 Jun 18	10.46
	–	17.93	501,000	–	–	501,000	17 Feb 21	7.60

There were no share options exercised by the directors in 2022 (2021: nil).

* Company secretary and group legal counsel appointed 1 January 2022.

44. Directors' and prescribed officers' emoluments (continued)

Equity-settled share-based payments (continued)

	31 March			
	Number of awards	Weighted average incentive rights cost (Black Scholes) Rand	Number of awards	Weighted average incentive rights cost (Black Scholes) Rand
		2022		2021
Outstanding at the beginning of the year	**3,913,337**	**–**	1,025,496	–
Awarded during the year	**1,789,499**	**10.46**	3,111,000	7.50
Lapsed and cancelled during the year	**(401,170)**	**–**	(223,159)	–
Outstanding at the end of the year	**5,301,666**	**–**	3,913,337	–

	Tranche 13	Tranche 14	Tranche 15	Tranche 16	Tranche 17	Tranche 18
Number of grants	**680,399**	**761,471**	**75,834**	**600,000**	**2,511,000**	**1,789,499**
Cancelled	**(568,821)**	**(509,799)**	**(37,917)**	**–**	**–**	**–**
Grant date	**27 Jun 17**	**25 Jun 18**	**06 Jul 18**	**17 Feb 21**	**17 Feb 21**	**26 Jan 22**
Grant price	**R 54.30**	**R 37.90**	**R 35.82**	**R 17.93**	**R 17.93**	**R 30.44**
Option value - Black Scholes	**R 16.02**	**R 10.46**	**R 9.89**	**R 7.06**	**R 7.60**	**R 10.46**

Vesting period		**Within 3 years**		**2 years**	**3 years**	**3 years**
	%	**%**	**%**	**%**	**%**	**%**
Expected volatility (daily)	**2,3**	**2,1**	**2,1**	**4,4**	**4,0**	**3,8**
Dividend yield	**3,0**	**3,1**	**3,1**	**1,65**	**2,18**	**2,88**
Risk free rate	**7,5**	**7,9**	**7,8**	**6,97**	**6,97**	**7,74**

The expected volatility is determined by considering the average historical share price movement over a period equal to the option vesting period.

All Tranches are equity settled with Tranches 13 to 15 based on share appreciation, while Tranches 16 to 18 additionally includes performance targets. In all instances the recipient must be in the employment of the Group at vesting. The employees in each instance will pay tax on vesting at the maximum marginal rate.

Options exercisable at year end	Tranche 13	Tranche 14	Tranche 15	Tranche 16	Tranche 17	Tranche 18
Number	**111,579**	**125,836**	**18,959**	**–**	**–**	**–**
Price	**R 54.30**	**R 37.90**	**R 35.82**	**–**	**–**	**–**

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45. Directors' interest in the shares of the Company

	31 March			
	Direct interest	Indirect interest	Direct interest	Indirect interest
	Number of shares held 2022		Number of shares held 2021	
Ordinary shares				
C. Barnard	**–**	**511,536**	–	511,536
S.B. Joffe	**–**	**3,399,402**	–	3,399,402
L.R. Sherrell	**30,801**	**6,112,723**	30,801	7,612,723
A.M. Sinclair	**602,329**	**–**	602,329	–
J.D. Wiese	**–**	**1,691,531**	–	1,691,531
G.M. Pelser	**65,536**	**–**	65,536	–
C.H. Wiese	**–**	**42,307,228**	–	42,307,228
Preference shares				
C. Barnard	**–**	**27,700**	–	22,708
S.B. Joffe	**–**	**17,123**	–	17,123
A.M. Sinclair	**10,000**	**–**	10,000	–
J.D. Wiese	**–**	**1,390,323**	–	1,390,323
C.H. Wiese	**–**	**645,598**	–	645,598

All directors' share transactions have been disclosed via a SENS announcement.

There have been no changes in directors' shareholding between 31 March 2022 and the date of this Report.

I. van Heerden holds an indirect interest in Invicta Holdings through a participatory preference share in Titan Nominees held by Oryx Partners (Pty) Ltd, of which he is a director and shareholder.

46. Financial risk management

The Group is exposed, directly and indirectly, to market risk, including, primarily, changes in interest rates and currency exchange rates and uses derivatives and other financial instruments in connection with its risk management activities. The Board of Directors carries the ultimate responsibility for the overseeing of the group’s risk management framework and is accountable for designing, implementing and monitoring the process of risk management and integrating it into the daily activities of the Group.

Capital risk management

Capital is managed to ensure that operations are able to continue as a going concern, whilst maximising return to stakeholders through an appropriate debt and equity structure. The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents, preference shares and equity. Capital risk is continuously reviewed by the board and risks are mitigated accordingly. The treasury function is administered at group level where strategies for the funding of working capital requirements and capital expenditure projects are implemented, taking into account cash flow projections and expected movements in interest rates.

	31 March	
	2022	2021
	R’000	R’000
Total interest-bearing debt	**1,475,003**	1,712,066
Less: Cash and cash equivalents	**(528,975)**	(642,974)
Net interest-bearing debt	**946,028**	1,069,092
Total equity	**4,692,685**	4,726,088
Net debt to equity ratio	**20%**	23%

46. Financial risk management (continued)

Interest rate risk management

The Group is exposed to interest rate risk on its variable rate borrowings. The exposure to interest rate risk is managed using derivatives, where it is considered appropriate, and through a closely monitored cash management system.
Group loan currently has a USD7.2 million loan denominated using 3 month LIBOR which phases out in June 2023, there is no financial impact as per the terms of the loan it will be fully settled by February 2023.
The impact of a change in the interest rate of 1% with all other variables held constant will have the following effect:

	31 March		
	Carrying amount at year end	Change in interest rate	Effect on profit before tax
		%	R'000
2022			
Variable interest rate borrowings	**1,037,316**	**1%**	**10,373**
2021			
Variable interest rate borrowings	809,256	1%	8,093

The prior period carrying amount and the effect on profit before taxation has been restated to exclude fixed rate borrowings and the right-of-use lease liabilities and lease liabilities.

Details of interest rate derivatives at the reporting date:

	31 March			
	Swap maturity	Nominal Amount	Fixed swap rate	Fair value
		R'000	%	R'000
2022				
Swap 53014578 had a fixed rate of 3.99%	**11 September 2023**	**100,000**	**3.99%**	**2,415**
Swap 53014582 had a fixed rate of 4.48%	**09 September 2024**	**100,000**	**4.48%**	**3,932**
Swap 53014781 had a fixed rate of 5.03%	**09 September 2025**	**100,000**	**5.03%**	**4,661**
2021				
Swap 53014578 had a fixed rate of 3.99%	11 September 2023	100,000	3.99%	1,512
Swap 53014582 had a fixed rate of 4.48%	09 September 2024	100,000	4.48%	2,128
Swap 53014781 had a fixed rate of 5.03%	09 September 2025	100,000	5.03%	2,565

	31 March	
	2022	2021
The applicable interest rates during the period were as follows:	%	%
Average		
Prime interest rate	**7.04%**	7.18%
Three-month JIBAR	**3.85%**	3.70%
Closing		
Prime interest rate	**7.75%**	7.00%
Three-month JIBAR	**4.37%**	3.68%

Credit risk management

Potential areas of credit risk consist of trade accounts receivable, loan receivables, net investment in finance leases and short-term cash investments. Trade accounts receivable consist of a widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Allowance is made for expected credit losses and at the year-end management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee or a loss allowance therefore a 12 month has been used for the expected credit loss assessment. It is Group policy to deposit short-term cash investments with only the major banks. The credit rating is BB- for cash and cash equivalents which are invested across the major South African banks.

46. Financial risk management (continued)

Currency risk management

The majority of the Group's monetary assets and liabilities are denominated in South African Rand. The monetary assets and liabilities of the entity that holds the investment in joint venture (Kian Ann Group) are denominated in Singapore Dollar. There are investment holding companies in Mauritius that are denominated in US dollar, together with the assets and liabilities of the RSS: Industrial segment's foreign entities which are denominated in various foreign currencies.

	31 March					
	ZAR	GBP	SGD	USD	Other	Total
2022	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Foreign currency monetary assets and liabilities						
Total assets	**5,600,752**	**338,411**	**1,222,112**	**253,734**	**482,825**	**7,897,834**
Total liabilities	**(2,594,861)**	**(307,017)**	**(3,079)**	**(176,130)**	**(124,062)**	**(3,205,149)**
Total	**3,005,891**	**31,394**	**1,219,033**	**77,604**	**358,763**	**4,692,685**
2021						
Foreign currency monetary assets and liabilities						
Total assets	5,537,026	30,559	2,544,075	148,850	413,795	8,674,305
Total liabilities	(2,685,303)	(11,512)	(621,357)	(499,469)	(130,576)	(3,948,217)
Total	2,851,723	19,047	1,922,718	(350,619)	283,219	4,726,088

The companies denominated in USD include an investment holding company where investments have been eliminated to show the Group's true exposure to foreign currency.

The following table details the Group's sensitivity to a reasonable increase or decrease in South African Rand against the foreign currencies, at the reporting date, on the profit or loss before taxation of the Group's major foreign operation.

	31 March (Loss)/profit before taxation					
	Value in foreign currency	Spot rate at year-end	Increase in foreign currency rate	Effect on profit before	Decrease in foreign currency rate	Effect on profit before
	000	to ZAR	%	R'000	%	R'000
2022						
USD	**(2,316)**	**14.58**	**10.00%**	**(3,376)**	**(10.00%)**	**3,376**
GBP	**(270)**	**19.15**	**10.00%**	**(517)**	**(10.00%)**	**517**
SGD	**7,955**	**10.77**	**10.00%**	**8,564**	**(10.00%)**	**(8,564)**
2021						
USD	(1,246)	14.77	10.00%	(1,840)	(10.00%)	1,840
GBP	163	20.35	10.00%	332	(10.00%)	(332)
SGD	4,403	10.99	10.00%	4,838	(10.00%)	(4,838)

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for the year ended 31 March 2022

46. Financial risk management (continued)

Currency risk management (continued)

The forward exchange contracts ("FECs") in place at the reporting period to cover current and future inventory purchases, are as follows:

	31 March		
	Foreign currency	Average exchange rate	ZAR
	'000		R'000
2022			
US Dollar	**21,649**	**15.0471**	**325,754**
Euro	**6,214**	**16.5970**	**103,134**
Yen*	**343,578**	**7.5800**	**45,327**
British Pound	**645**	**19.1519**	**12,353**
2021			
US Dollar	6,422	14.8217	95,185
Euro	3,082	17.3923	53,603
Yen*	108,300	7.4618	14,514
British Pound	402	20.3582	8,184

*The contract price is quoted as ZAR to Yen, whereas all others are quoted foreign currency to ZAR.

The following table details the Group's sensitivity to a reasonable increase or decrease in ZAR against the relevant foreign currencies at the reporting date. The percentages used below represent management's assessment of the reasonably possible change in foreign exchange rates, based on historical volatilities of these currencies. The sensitivity analysis includes only outstanding FECs at the reporting date. A positive number below indicates an increase in profit where the ZAR strengthens by the percentages below against the relevant currency. For a weakening of the ZAR by the percentages below against the relevant currency, there would be a comparable impact on the profit, and the balances would be negative. The impact on the Group's equity is not provided as the FECs are not designated as hedging instruments in a cash flow hedge.

	31 March			
	Value in ZAR	Spot rate at reporting	Change in currency rate	Effect on profit before taxation
2022	R'000	ZAR	%	R'000
US Dollar	**325,754**	**14.58**	**(1%)**	**(3,258)**
Euro	**103,134**	**16.17**	**(7%)**	**(7,219)**
Yen	**45,327**	**8.41**	**13%**	**5,893**
British Pound	**12,353**	**19.15**	**(6%)**	**(741)**
2021				
US Dollar	95,185	14.77	(17%)	(16,181)
Euro	53,603	17.33	(11%)	(5,896)
Yen	14,514	7.46	23%	3,338
British Pound	8,184	20.35	(8%)	(655)

46 Financial risk management (continued)

Financial instruments measured at fair value

An analysis of the financial instruments that are measured subsequent to initial recognition at fair value is represented in the tables below:

		31 March				
		Balance at reporting date	Valuation techniques and key inputs			
2022	**Note**	**R'000**		**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value						
Derivatives - interest rate swaps	19	**11,008**	**2**	**–**	**11,008**	**–**
Financial liabilities at fair value						
Profit share liability	35	**62,892**	**3**	**–**	**–**	**62,892**
Derivatives - forward exchange contracts	36	**24,320**	**1**	**24,320**	**–**	**–**
2021						
Financial assets at fair value						
Put Option asset *	12	1,048	2	–	–	1,048
Call Option asset *	12	16,529	2	–	–	16,529
Derivatives - interest rate swaps	19	6,205	2	–	6,205	–
Financial liabilities at fair value						
Profit share liability	35	79,624	3	–	–	79,624
Derivatives - forward exchange contracts	36	10,995	1	10,995	–	–

The prior year disclosures above have been restated to reflect the derivative forward exchange contracts in level 1. The financial investments - unlisted securities have been removed from the above table in the prior financial period as these financial assets are measured at amortised cost.

Valuation technique(s) and key inputs:

1.Expected settlement value.
2.Monte Carlo Simulation Technique along with the Geometric Brownian Motion Model.
3.Earnings multiple valuation based on three times the average annual profit before taxation over the past 24 months multiplied by 20%.

* These items are included in assets held for sale in the prior year and in disposal of subsidiary in the current year, refer to note 12 and note 43.

The derivative interest rate swaps are sensitive to the change in interest rates. A 0.5% increase/decrease in the interest rate will increase/decrease the valuation by R3.0 million (2021: R4.3 million).

The valuation of the profit share liability is based on historic earnings and contractually determined price earnings multiples; as such this valuation is not sensitive to a change in assumptions.

46 Financial risk management (continued)

Financial instruments measured at fair value (continued)

Movements in Level 3 financial assets and liabilities are as follows:

Financial assets/liability at fair value	31 March Put option asset* R'000	Call option asset* R'000	Profit share liability R'000
2022			
Fair value at the beginning of the year	**1,048**	**16,529**	**79,624**
Fair value adjustment recognised in profit or loss	**(1,028)**	**(16,207)**	**(9,266)**
Other adjustment	**–**	**–**	**(1,161)**
Foreign currency translation	**(20)**	**(322)**	**45**
Payments	**–**	**–**	**(6,350)**
Fair value at the end of the year	**–**	**–**	**62,892**
2021			
Fair value at the beginning of the year	4,063	31,510	75,287
Fair value adjustment recognised in profit or loss	(2,562)	(11,342)	4,337
Foreign currency translation	(453)	(3,639)	–
Fair value at the end of the year	1,048	16,529	79,624
Note	12	12	35

* The put and call option assets are classified as assets held for sale in the prior financial period and subsequently disposed, in the current financial period (note 12 and note 43).

Liquidity risk management

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Furthermore, the Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Maturity analysis of non-derivative financial liabilities

2022	31 March Carrying amount R'000	Total R'000	Months 1-3 R'000	Months 4-12 R'000	Year 2 R'000	Years 3-5 R'000	More than 5 years R'000
Non-derivative financial liabilities							
Borrowings	**1,142,603**	**1,312,445**	**130,146**	**93,202**	**102,508**	**930,632**	**55,957**
Right-of-use lease liabilities	**276,288**	**345,555**	**25,891**	**70,829**	**73,097**	**133,327**	**42,411**
Finance lease liabilities	**56,112**	**60,383**	**12,639**	**24,069**	**15,568**	**8,107**	**–**
Profit share liability	**62,892**	**62,892**	**–**	**62,892**	**–**	**–**	**–**
Bank overdrafts	**53,379**	**53,379**	**53,379**	**–**	**–**	**–**	**–**
Payables*	**1,189,600**	**1,189,600**	**1,018,818**	**170,782**	**–**	**–**	**–**
Total	**2,780,874**	**3,024,254**	**1,240,873**	**421,774**	**191,173**	**1,072,066**	**98,368**
2021							
Non-derivative financial liabilities							
Borrowings	1,286,470	1,402,199	19,558	620,059	452,802	241,301	68,479
Right-of-use lease liabilities	309,393	390,066	27,253	70,306	86,883	152,875	52,749
Finance lease liabilities	116,203	122,196	22,024	51,965	32,890	15,317	–
Profit share liability	79,624	79,624	–	79,624	–	–	–
Bank overdrafts	253,926	253,927	220,704	33,223	–	–	–
Payables*	942,687	942,687	731,438	211,249	–	–	–
Total	2,988,303	3,190,699	1,020,977	1,066,426	572,575	409,493	121,228

* Payables include trade payables, payables to associates, forward exchange liabilities and accrued expenses.

47. Related party transactions

Relationships

Related parties in the case of the Group include any shareholder who is able to exert a significant influence on the operating policies of the Group. Directors, their close family members and any employee who is able to exert significant influence on the operating policies of the Group are also considered to be related parties.

The fellow subsidiaries in the Group are identified in note 22 and the associates and joint ventures in notes 23 and 24, respectively. The Group directors are set out on pages 12 to 13 of the integrated report.

Material related party balances and transactions

The following intra-group balances and transactions are eliminated on consolidation:

- Loans to/from subsidiaries, associates, joint ventures and directors
- Interest on the loans to/from subsidiaries, associates and joint ventures
- Intercompany debtors and creditors
- Leases
- Administration fees
- Commission
- Dividends
- Sales and cost of sales

	31 March	
Remuneration of key management personnel	**2022 R'000**	2021 R'000
Salary and benefits	**67,450**	100,113
Retirement benefits	**3,930**	5,085
Total	**71,380**	105,198

Salary and benefits include basic, fringe benefits and performance related remuneration.

Retirement benefits comprise the company contributions to employee retirement funds.

Refer to note 44 for the details of the director's remuneration.

Loans to associates		
Africa Maintenance Kathu (Pty) Ltd	**8,935**	5,891
Africa Maintenance Lephalale (Pty) Ltd	**5,406**	5,525
Africa Maintenance Mogale (Pty) Ltd	**4,557**	3,071
Africa Maintenance Emalahleni (Pty) Ltd	**52,396**	22,343
Africa Maintenance Sekhukhune (Pty) Ltd	**5,098**	–
Africa Maintenance Amajuba (Pty) Ltd	**3,202**	–
Africa Maintenance Umhlathuze (Pty) Ltd	**4,697**	–
Africa Maintenance Matjabeng (Pty) Ltd	**9,603**	–
Africa Maintenance Rustenburg (Pty) Ltd	**24,836**	–
Africa Maintenance Thabazimbi (Pty) Ltd	**6,470**	–
Africa Maintenance Madibeng (Pty) Ltd	**8,968**	–
Makona Hardware Industrial Supplies (Pty) Ltd	**1,889**	–
Shareholders of associates	**4,780**	2,148
Total	**140,837**	38,978

The loans above comprise loan receivables (note 21), trade receivables, receivables from associates (note 26) and payables to associates (note 36).

Loans to directors

A loan of R17.3 million has been given to a director of a subsidiary and the terms of the loan are market related, refer to note 21. The same director is owed commission of R12.4 million reflected as other payables, refer to note 36.

		31 March	
		2022	2021
48.	**Commitments**	**R'000**	R'000
	Commitments in respect of unexpired rental agreements for office equipment:		
	Within 1 year	**1,160**	1,227
	Within 2 to 5 years inclusive	**1,726**	2,504
	Total	**2,886**	3,731

Expenditure will be financed from existing cash facilities.

49. Going concern as a basis for the preparation of the Annual Financial Statements

In preparing these annual consolidated financial statements, the directors have confirmed the group's ability to continue as a going concern. The following factors were considered:

Financial performance

The Group has generated strong cash flows and has maintained its lower levels of gearing levels. There is an approved budget for the following 12 months indicating sustained performance. There are sufficient facilities and/or access to cash to meet debt repayments due in the next 12 months and to continue in operational existence for the foreseeable future. The Group has taken adequate measures to ensure it can quickly adapt where possible to constraints on its operating activities such as new lockdown measures, natural disasters or shipping delays.

Liquidity and solvency

The group is liquid and solvent.

Debt covenants

The Group has met the bank covenants applicable at 31 March 2022.

	Covenants	Requirement		Achieved
1	Net Debt to EBITDA Ratio	**3.0**	**<**	**1.16**
2	Interest Cover Ratio	**3.5**	**>**	**10.77**

The relevant contractual definitions are as follows:

- Net Debt to EBITDA Ratio: Net Debt divided by EBITDA
  Net Debt is net of any Cash or Cash Equivalent Investments, excludes obligations to any other member of the Group and includes the capitalised value of finance leases.
  EBITDA means the consolidated operating profit before net finance income on financing transactions and foreign exchange movements, excluding results from discontinued operations, adding back depreciation and amortisation, and adjusting for the impact of foreign exchange. Non-recurring items are not included.

- Total Interest Cover Ratio is the EBITDA divided by Net Finance Charges
  Finance Charges means finance payments in respect of Group borrowings less finance income.

50. Events after the reporting period

COVID-19

China implemented widespread lockdown measures on 26 March 2022, in line with President Xi Jinping's stringent Covid Zero Policy. Shanghai being the closest city to the KAG roller manufacturing businesses reported its fewest Covid-19 cases in more than 6 weeks by the second week of May. This allowed the roller manufacturing operations to resume with a skeleton staff. Despite the Covid wave easing, authorities are stepping up efforts to quarantine close contacts of people who test positive.

War in Ukraine

Euro Driveshaft Parts Ukraine, which operates in Chernihiv in northern Ukraine, was occupied by Russian forces who have subsequently withdrawn from the city on 4 April 2022. The buildings which house the inventory and other operating assets were not damaged. The company has moved the server from the premises and access to accounting records has been re-established. Security arrangements were put in place since 4 April 2022 to preserve the assets. The banking system is currently functioning albeit with restrictions. Peace talks between Russia and the Ukraine while slow are in progress.

Par value shares changed to stated capital, increase of authorised capital

On 22 April 2022 the group distributed a circular pertaining to the conversion of the par value ordinary shares of the Company into no par value ordinary shares, the increase of 151 million shares in the authorised ordinary share capital of the Company, and the related amendments of the Company's memorandum of incorporation. These changes were approved at a general meeting of ordinary shareholders held on the 24 May 2022.

Keletso Imare Bindzue Procurement Services (Pty) Ltd

This entity was consolidated at 31 March 2022 as an entity controlled in terms of IFRS 10 *Consolidated Financial Statements*, as disclosed in note 1.3 and 22. Due to a change in the nature of the relationship with the group ending the outsourcing of procurement services to KIB, control and consolidation ceased effective 1 April 2022.

Invicta
HOLDINGS LIMITED

2022

SHAREHOLDERS INFORMATION

Firmly **rooted** in South Africa and
strategically **geared** for **growth**

Shareholder information

for the year ended 31 March 2022

Ordinary shareholder analysis

	31 March			
Shareholder Spread	**Number of Shareholdings**	**%**	**Number of Shares**	**%**
1 - 1 000 shares	2,560	71.39	516,148	0.49
1 001 - 10 000 shares	725	20.22	2,359,946	2.25
10 001 - 100 000 shares	219	6.11	7,068,970	6.75
100 001 - 1 000 000 shares	63	1.76	19,805,493	18.91
1 000 001 shares and over	19	0.52	74,976,513	71.60
Totals	**3,586**	**100.00**	**104,727,070**	**100.00**

Distribution of shareholders

Assurance & Insurance Companies	1	0.03	85,613	0.08
Brokers & Nominees	16	0.45	3,931,474	3.75
Close Corporations	30	0.84	126,954	0.12
Collective Investment Schemes	37	1.03	22,291,735	21.29
Control Accounts and Unclaimed Shares	2	0.06	1,890	–
Lending & Collateral Accounts	2	0.06	1,660,882	1.59
Non-SA Custodians	13	0.36	349,581	0.33
NPO & Charity Funds	15	0.42	316,404	0.30
Organs of State & Public Entities	3	0.08	101,843	0.10
Pooled & Mutual Funds	29	0.81	2,569,520	2.45
Private Companies	125	3.47	51,416,654	49.10
Public Companies	1	0.03	10,500	0.01
Retail Individuals	3,028	84.44	9,463,737	9.04
Retirement Benefit Funds	113	3.15	6,715,066	6.41
Trusts & Investment Partnerships	171	4.77	5,685,217	5.43
Totals	**3,586**	**100.00**	**104,727,070**	**100.00**

Public / Non-public shareholders

Non-public shareholders	**17**	**0.47**	**53,179,555**	**50.78**
Directors and associates of the company holdings	17	0.47	53,179,555	50.78
Public shareholders	**3,569**	**99.53**	**51,547,515**	**49.22**
Totals	**3,586**	**100.00**	**104,727,070**	**100.00**

Top 10 Beneficial Shareholders

Titan Share Dealers (Pty) Ltd	23,106,141	22.06
Dorsland Diamante (Pty) Ltd	17,630,755	16.83
Coronation Fund Managers	6,661,338	6.36
Foord Asset Management	6,538,047	6.24
Sades Holdings (Pty) Ltd	3,399,402	3.25
PSG Asset Management	3,338,402	3.19
Lanmar Investments (Pty) Ltd	3,059,323	2.92
The Sherrell Family Trust	3,053,400	2.92
Sherrell Delma Jean Mrs	3,043,838	2.91
Peresec Prime Brokers	2,393,811	2.29
Totals	**72,224,457**	**68.97**

Shareholder information

for the year ended 31 March 2022

Preference shareholder analysis

	31 March			
Shareholder spread	**Number of Shareholdings**	**%**	**Number of Shares**	**%**
1 - 1,000	394	47.13	150,802	2.01
1,001 - 10,000	355	42.46	1,213,254	16.18
10,001 - 100,000	76	9.09	2,485,019	33.13
100,001 - 1,000,000	10	1.20	2,256,586	30.09
Over 1,000,000	1	0.12	1,394,339	18.59
Totals	**836**	**100.00**	**7,500,000**	**100.00**

Distribution of shareholders

Assurance & Insurance Companies	3	0.36	214,667	2.86
Brokers & Nominees	3	0.36	22,604	0.30
Close Corporations	17	2.03	160,046	2.13
Collective Investment Schemes	19	2.27	1,429,985	19.07
Non-SA Custodians	1	0.12	2,000	0.03
NPO & Charity Funds	17	2.03	151,919	2.03
Organs of State & Public Entities	1	0.12	2,700	0.04
Private Companies	62	7.42	2,836,924	37.82
Public Companies	1	0.12	5,300	0.07
Retail Individuals	597	71.41	2,132,380	28.43
Trusts & Investment Partnerships	115	13.76	541,475	7.22
Totals	**836**	**100.00**	**7,500,000**	**100.00**

Public / Non-public shareholders

Non-Public Shareholders	**7**	**0.84**	**2,090,744**	**27.88**
Directors and Associates	7	0.84	2,090,744	27.88
Public Shareholders	**829**	**99.16**	**5,409,256**	**72.12**
Totals	**836**	**100.00**	**7,500,000**	**100.00**

Top 10 Beneficial Shareholders

Mayborn Investments 143 (Pty) Ltd	1,394,339	18.59
Titan Premier Investments (Pty) Ltd	552,863	7.37
Nedbank	483,504	6.45
Goldstone Arnold Mr	341,399	4.55
Professional Provident Society	300,000	4.00
Cuthman Capital	198,590	2.65
CoreShares	182,748	2.44
Sherrell Delma Jean Mrs	160,000	2.13
Momentum Metropolitan	140,333	1.87
Blue Crest Holdings (Pty) Ltd	126,700	1.69
Totals	**3,880,476**	**51.74**