Invicta
HOLDINGS LIMITED

Integrated Annual Report

for the year ended 31 March

2018

Contents

About this report

The board of Invicta Holdings Limited ("Invicta" or "the Company" or "the Group") is pleased to present this Integrated Annual Report (the "Report") for the period 1 April 2017 to 31 March 2018.

The Report is intended to provide context to stakeholders with regards to the Group's activities and performance for the reporting period. The Report further seeks to demonstrate the Group's strategy and ability to create and sustain value in future, taking into account both financial and non-financial factors.

This Report has been prepared in terms of the JSE Limited's Listings Requirements, IFRS and other laws and regulations applicable to the Company, with consideration to the recommendations of various codes of best practice. Specifically, the application of the principles of King IV have been detailed in this Report.

The reports on financial performance are taken from the Group's annual consolidated financial statements, which can be found on www.invictaholdings.co.za and have been audited by the Group's auditors. Further assurance was provided by the finance functions; management and the Group's internal audit function.

Any forward-looking statement regarding the Group's future performance has not been reviewed or reported on by the Group's auditors.

The board and Audit Committee of Invicta Holdings Limited, being responsible for the integrity of this Report, is satisfied with the reliability of the information presented.

Financial highlights for 2018

Revenue
0%
R9.6 billion

Operating profit before foreign exchange movements
-11%
R940 million

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

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

Headline earnings per share after specific tax provision of R400 million
-71%
90 cents

Net interest-bearing debt : equity
4%
27 percent

NAV per share
0%
4 691 cents

Dividend per share
-29%
119 cents

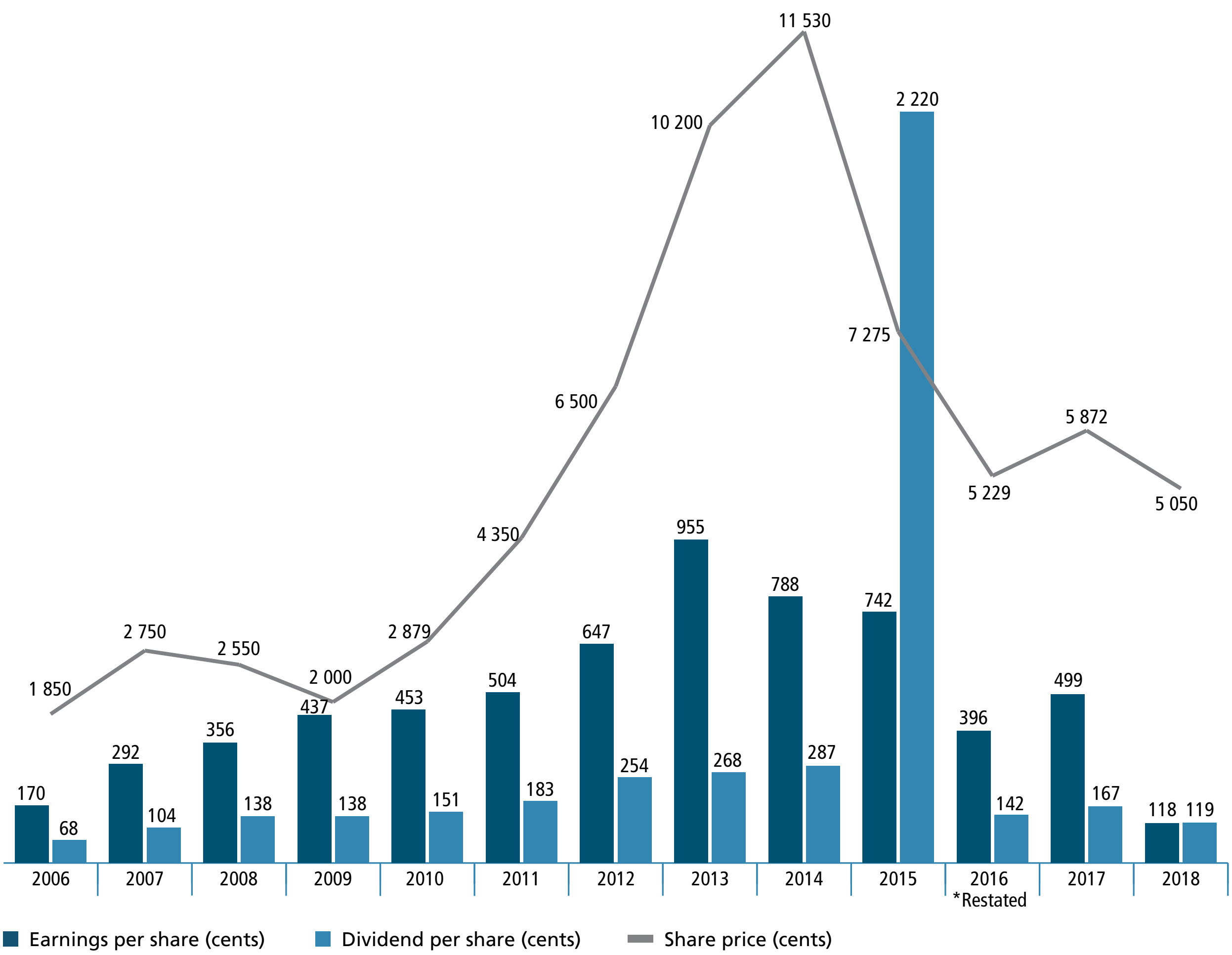
Financial highlights

for the year ended 31 March 2018

	2018 R'000	Restated 2017 R'000	Restated 2016 R'000	2016 R'000	2015 R'000	2014 R'000
Revenue	**9 639 807***	9 631 811*	8 799 244*	10 635 850	10 459 567	10 464 511
Operating profit before foreign exchange movements	**940 275***	1 051 178*	783 464*	846 265	1 014 179	1 042 950
Profit for the year	**231 265**	611 807	495 986	509 459	691 125	709 911
Equity attributable to the equity holders	**4 990 298**	5 116 027	4 856 672	4 866 780	4 459 973	3 077 073
Dividends per share (cents)	**119**	167	142	142	2 220	288
Earnings per share (cents)	**118**	499	396	391	742	788
Diluted earnings per share (cents)	**118**	499	396	391	741	788
Share price at the year-end (cents)	**5 050**	5 872	5 229	5 229	7 275	11 530

** Results disclosed represent the total continuing operations*

Earnings per share / dividend per share / share price (cents)

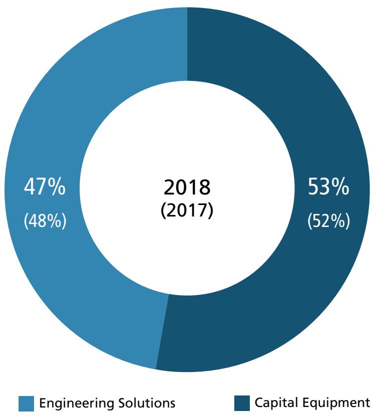


Financial highlights (continued)

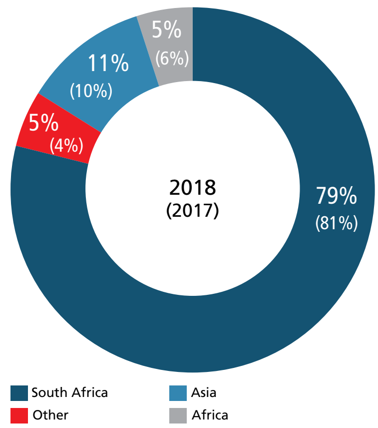
for the year ended 31 March 2018

2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000
7 557 899	5 599 464	4 533 801	3 968 872	4 523 535	3 335 496	2 663 398
883 759	601 081	505 493	453 293	497 356	360 379	281 229
743 532	478 775	426 222	365 389	362 812	300 856	217 724
2 690 077	1 895 231	1 611 265	1 442 966	1 206 055	1 025 591	886 161
268	254	183	151	138	138	104
955	647	504	453	437	356	292
948	604	480	441	437	354	288
10 200	6 500	4 350	2 879	2 000	2 550	2 750

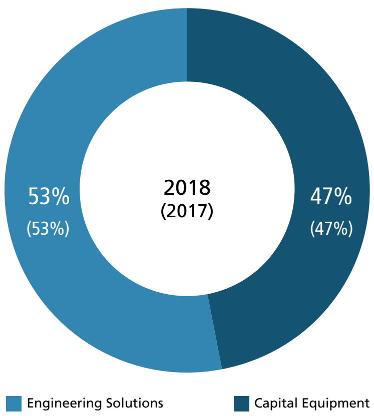
Revenue contribution by segment (%)



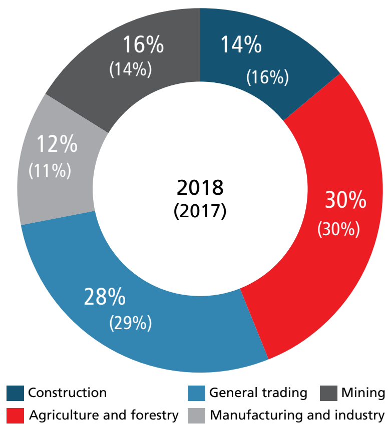
Revenue contribution by region (%)



Operating profit contribution after forex costs (%)



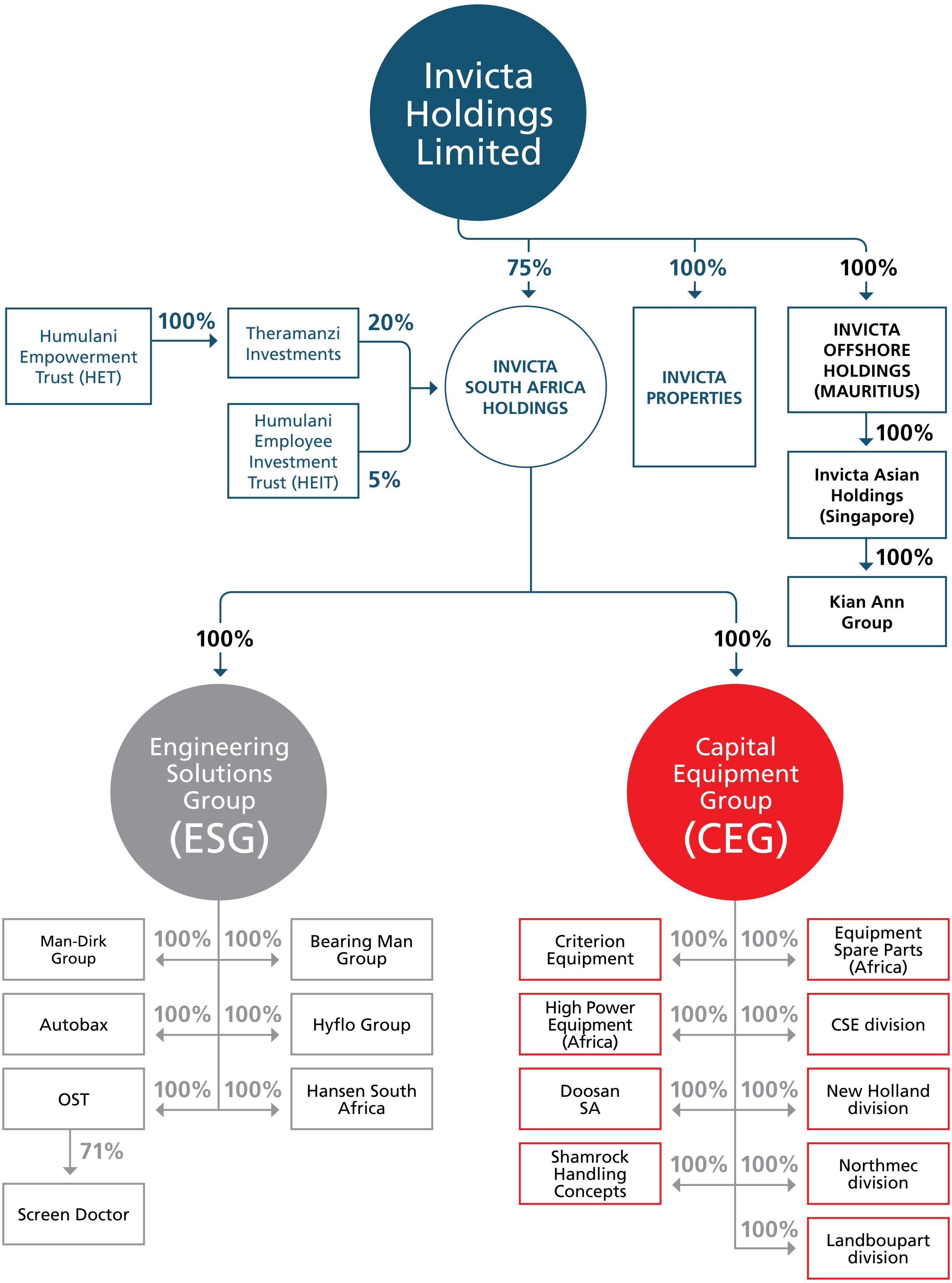
Revenue contribution by sector (%)



01

Our business

Our Group structure



Group at a glance

Invicta Holdings listed on the JSE in 1989 and acquired Invicta Bearings Proprietary Limited in 1991. Bearings quickly became Invicta's core business and the unrelated companies that initially formed part of the Group were sold. During the nineties various companies were added to the Group, including Autobax, Northmec, and CSE. In July 2000 Invicta acquired Bearing Man and completed a significant share repurchase program over the five years that followed. Invicta's management continued to grow the Group and in 2013 acquired Kian Ann, a Singaporean company that distributes to over 50 countries. Other notable acquisitions included Equipment Spare Parts, Man-Dirk, HPE and Hyflo. During the 2018 financial year, Invicta disposed of its Building Supply Group ("BSG") and decided to focus on its core competencies of industrial consumables, and capital equipment and spare parts. Invicta controls and manages assets of over R10 billion and employs over 4 500 people worldwide.

Businesses with a leading position in the distribution of **agricultural equipment**

Businesses with a leading position in the distribution of **construction and forklift equipment**

International sourcing and distribution **of OEM branded parts and components** in southern Africa

International sourcing and distribution of **alternative spare parts and components** for the replacement market in southern Africa and South East Asia

Northmec

Wholesale and retail distributor of CASE IH full range of agricultural machinery, implements and related spare parts.

New Holland

Wholesale distributor of the whole range of New Holland spare parts.

CSE

Wholesale and retail distributor of CASE earthmoving machinery, turf-grooming machinery, utility vehicles, Dynapac Compaction rollers and related spare parts.

Doosan SA

Wholesale and retail supplier of Doosan heavy earthmoving machinery, hammers for construction and mining applications and related spare parts.

High Power Equipment (Africa) ("HPE")

Wholesale and retail distributor of Hyundai earthmoving machinery and the McCloskey range of crushing and screening equipment and related spare parts.

Criterion

Importer and distributor of TCM leading materials handling equipment and related spare parts.

Shamrock Handling Concepts (acquired 2 January 2018)

Importer and distributor of Moffett and Combilift forklifts and other material handling brands, as well as related spare parts.

Equipment Spare Parts (Africa) ("ESP")

Distributor of after-market replacement spare parts, ground engaging tools and undercarriage parts for earthmoving equipment.

Landboupart

Distributor of after-market replacement spare parts for Massey Ferguson, John Deere and other related agricultural machinery.

Kian Ann Engineering ("Kian Ann")

A wholesale distributor of heavy earthmoving machinery parts, truck parts and diesel engine components.

Group at a glance
(continued)

Invicta's subsidiaries are grouped into two operating divisions, namely the Capital Equipment Group ("CEG") and the Engineering Solutions Group ("ESG")

Southern Africa's leading distributor **of engineering consumable products, technical services and solutions**

Businesses with a leading presence in southern Africa with a branch network of over **135 branches**

International **sourcing and distribution of leading brands** of engineering components and consumables to end-users in southern Africa

Technical support and value-added assembly of components into **customised systems and solutions for end-user customers**

Bearing Man Group ("BMG")

- Engineering consumables including bearings, seals and gaskets, power transmission, material handling, fasteners, geared and electric drives and motors and tools;
- Fluid technology products and solutions including hydraulic, pneumatic, filtration and lubrication; and
- Technical design, on-site installation, maintenance, breakdown, condition monitoring as well as design engineering and failure analysis services

Hyflo Group

Hydraulic and pneumatic products and engineered solutions.

Hansen Transmissions South Africa

Industrial gearbox units.

Man-Dirk Group (including SA Tool and Sibuyile Industrial Supplies)

Tools and equipment, including personal protective equipment, lifting and welding products.

OST

Vibrator motors, tensioning and suspension systems.

Screen Doctor

Vibrating equipment and material handling solutions.

Autobax

Automotive components.

Board of directors

Invicta Holdings

Dr Christo Wiese (76)

Non-executive chairman

Years of service as director: 20

BA, LLB, DCom(h.c.)

Dr CH Wiese was appointed as a non-executive director of Invicta in October 1997 and served as Chairman from October 1997 to April 2000. He was re-appointed as non-executive Chairman of Invicta in January 2006. He is currently also the Chairman of Tradehold Limited and Shoprite Holdings Limited and steers the board through his wealth of experience in business. Dr Wiese, as a large shareholder of Invicta, further contributes to ensuring that management's interests are aligned with that of shareholders.

Arnold Goldstone (57)

Executive director

Years of service as director: 28

BSc (Mech Eng), BCom (Hons), CA(SA)

Arnold was employed as a management consultant at KPMG prior to joining Invicta in January 1990 as financial manager. He was appointed financial director of Invicta in August 1991 and CEO in April 2000. Arnold acted as deputy Chairman from May 2015 to January 2017 during the tenure of Charles Walters as CEO, and returned to the position of CEO in February 2017.

Craig Barnard (54)

Executive director

Years of service as director: 11

CA(SA), MBA, ACIS

Craig previously held positions with Sappi and Group Five, before joining Invicta as financial manager in 1998. He was appointed as director of CSE Equipment Company in 1999, as Invicta's company secretary in 2002, and as an executive director of Invicta in June 2007. Craig resigned as company secretary in January 2014 when he was appointed as financial and commercial director. From 1 July 2018 Craig will hand the responsibilities of financial director over to Nazlee Rajmohamed, but will remain on the board as commercial director.

Tony Sinclair (63)

Executive director

Years of service as director: 11

Tony joined JI Case in 1982 and was appointed as branch manager in 1986. He joined CSE Equipment Company in 1989 and was promoted to divisional managing director in 1993. Tony was appointed as managing director of CEG in 1998, a position which he still holds. He was appointed as an alternate director of Invicta in September 2006, and as an executive director in June 2007.

Gavin Pelser (55)

Executive director

Years of service as director: <1

NTC 5 and various diplomas

Gavin has over 30 years' experience in the engineering sector, gained through various managerial roles as well as running his own business, Oscillating Systems Technology, which was acquired by Invicta in 2005. Gavin was appointed as a divisional director of Bearing Man Group ("BMG") in 2008, forming part of their mergers and acquisitions team. Gavin also played a lead role in BMG's Simplify for Success ("S4S") strategy. Gavin was appointed as the managing director of BMG in September 2016, and as an executive director of Invicta in September 2017.

David Samuels (78)

Lead independent non-executive director

Years of service as director: 20

CA(SA)

David joined Trade and Industry Acceptance Corporation Limited in 1971 where he served as a director from 1980 to 1984. From 1989 to 2000 he was managing director of Stenham Proprietary Limited. In 1996 David was appointed as non-executive director, and served as lead independent director from 1 April 2014. David was a non-executive director and Chairman of Bearing Man Limited from 2001 to 2006, when that company was de-listed from the JSE.

Board of directors (continued)

Invicta Holdings

Rashid Wally (74)
Independent non-executive director
Years of service as director: 4

Rashid was appointed as an independent non-executive director of Invicta on 30 July 2013. Rashid has held various senior executive positions with IBM in Africa, Europe, the Middle East and South East Asia, including Lenovo in Africa. Rashid has over 38 years' of experience in the Information Technology sector and was chairman of the board and member of the audit committee of Mango Airlines (SOC) Limited. Rashid is currently chairman of Fastjet PLC, a listed company on the London Stock Exchange AIM Section, and also serves on that company's audit and risk committee.

Ramani Naidoo (56)
Independent non-executive director
Years of service as director: 4
BA, LLB, Certificate Mergers & Acquisitions

Ramani was admitted to practice as an attorney, notary public and conveyancer in 1998. She has over 15 years' of experience as a director of companies, having served as a non-executive director on the boards of a number of private and public companies. In a private capacity, Ramani has been involved in various business ventures and commercial property developments and also has a particular interest and expertise in corporate governance and is a published author in the field. Ramani was appointed as an independent non-executive director of Invicta in February 2014.

Lance Sherrell (52)
Non-executive director
Years of service as director: 7

Lance is a director and shareholder of the SMG Group (BMW). Lance studied commerce at the University of Cape Town and has been involved in the hospitality and motor trade industries for the past 15 years. Lance represented South Africa as a rugby player in the national team in 1994. Lance was appointed as an alternate director to Reg Sherrell on 27 May 2009 and was nominated as a non-executive director on 29 July 2010, upon the retirement of Reg Sherrell.

Adv. Jacob Wiese (37)
Non-executive director
Years of service as director: 3
BA (Value and Policy Studies), LLB, MIEM (Bocconi, Italy)

Jacob was appointed as non-executive director of Invicta in July 2010. Jacob obtained his BA degree, after which he worked at Lourensford Wine Estate, assisting in initiating events partnerships. Jacob subsequently completed his master's degree in International Economics and Management as a participant in a MBA program. Jacob returned to Lourensford for a brief period after which he graduated with an LLB degree in 2008. During 2009, he completed his pupilage at the Cape Bar and was admitted as an advocate of the High Court.

Byron Nichles (46)
Non-executive director
Years of service as director: 3
CA(SA), CGMA

Byron gained 14 years' financial services and advisory experience with Deloitte & Touche and Bridge Capital. Byron was appointed as CEO of ARB Holdings in February 2009. Byron was previously the group CFO of Amalgamated Appliance Holdings Limited and a founding shareholder and director of Bridge Capital Group Limited. Byron was appointed as CEO of BMG and director of Invicta in November 2014. Byron resigned as CEO of BMG in October 2016 but remained on Invicta's board as a non-executive director.

Lize Dubery (32)
Group company secretary and legal advisor
BA (Law), LLB, CIS

Lize was admitted as an attorney in 2011 after graduating with BA and LLB degrees. Lize has a strong interest in corporate law and corporate governance and completed the CIS qualification in 2013. Lize previously held positions at Merchantec Capital and Life Healthcare Group and was appointed as Invicta's Group company secretary and legal advisor in January 2018.

Board of directors

Invicta South Africa Holdings

Arnold Goldstone

Executive director

Craig Barnard

Executive director

Rashid Wally

Independent non-executive director

Ramani Naidoo

Independent non-executive director

02

Strategic overview

Strategic overview

Our operating environment

- Global growth slowdown, looking to turn around
- Chinese industrial production improving which is leading to extended lead times from suppliers of parts and components
- Expected rise in commodity prices impacting the global mining, steel and other resource industries
- Currency volatility experienced across Africa and Asia
- Muted demand locally for agricultural and construction equipment continues
- Impact of the drought on farming incomes still to be felt for next couple of years
- Downward price pressure on equipment and replacement parts experienced, as a result of intensified competition and globalisation
- Right-sizing of operating costs and working capital continues
- Active management of customer and supplier relationships was required in difficult circumstances
- Expansion of branch networks in Africa and Asia continues
- South Africa and Malaysia still both heavily impacted by the decline in resource markets, currency depreciation and political uncertainty
- Continued extensions of our supplier base and product ranges
- Regulatory and policy outlooks look to improve investment sentiment in South Africa
- Labour disruption in South Africa
- Continued investment to modernise and expand our distribution facilities

Our business model

Our business model is to invest in distribution businesses with strategic differentiation and competitive advantage in their respective markets.

Invicta management works in close cooperation with the management teams of our respective businesses, to maximise growth, improve efficiencies, generate cash and improve returns on capital from our businesses. In addition, the team seeks and secures value enhancing acquisitions for the Group.

Our philosophy is to run a small cost-effective head office with divisional management taking responsibility for daily operations. A flat management structure also ensures quick decision-making.

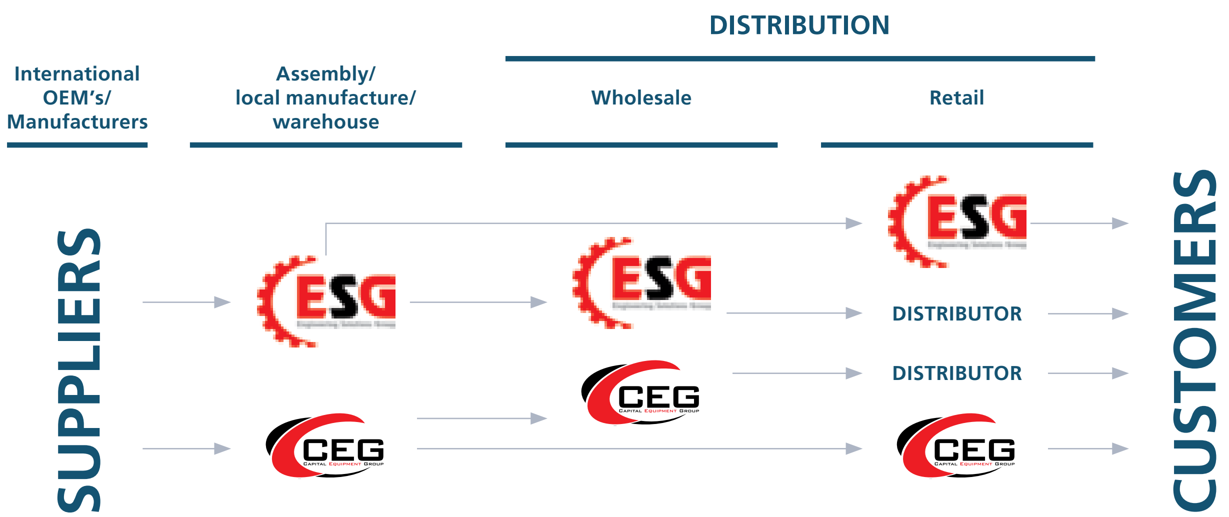
We secure adequate and appropriate funding for the Group using the strength of our balance sheet. Capital is allocated to our businesses and projects offering the best returns.

Our philosophy is to own the strategic properties from which the Group's businesses operate.

All our businesses seek to secure distribution rights to leading global brands and sources of supply. The businesses in turn add value to our customers by providing them with unrivalled availability of product from the significant inventories we hold and a superior level of technical service and support.

The Group offers a distribution footprint through its various own operations and approved distributors which provides a strategic asset for both investors and suppliers, a unique springboard into southern Africa and Asia.

We are continuously looking to grow and diversify our spread of customers, market segments, suppliers and geographies such that risks are mitigated and growth is achieved.



Strategic overview
(continued)

Strategy

Our strategy is to grow our profitability and improve our efficiency in two ways:

- **Organic growth and efficiency**
  - Grow revenue by increasing volumes sold at optimised pricing
  - Grow revenue by extending the range of products and services offered
  - Grow revenue by increasing the number of sales outlets and branches
  - Optimise gross margins through careful product mix management
  - Improve gross margins by improved sourcing of product
  - Optimise overhead costs relative to sales
  - Optimise working capital relative to sales
  - Maximise generation of operating cash
  - Reduction of debt finance and interest costs
- **Acquisitions**
  - Augment our organic growth initiatives with select value-accretive acquisitions within each business division
  - Seek out larger value-accretive acquisitions which could form an addition vertical pillar of the Group
  - Manage the integration of acquisitions into the Group carefully in order to retain key skills and product distribution rights
  - Ensure each acquisition has a good strategic and cultural fit with the Group
  - Maximise the potential earnings yield of acquisitions made relative to the Group's cost of capital
  - Seek diversification of our geographic footprint by expanding into other countries

Our top priorities

FY2018

Grow EPS by **12%**	*
Finalise the BMG expansion project on time and within budget	✓
Conclude the disposal of BSG	✓
Consolidate the bolt-on acquisitions identified by CEG	✓
Focus on organic growth in CEG's agricultural operations	✓

✓ *Achieved*
* *Ongoing*
✗ *Not achieved*

FY2019

Grow EPS by **12%**
Finalise the first stage of the inward listing of the Group
Continue Africa expansion plans and identify relevant markets
Identify and implement bolt-on acquisitions both locally and internationally

Looking ahead

2022 Strategic objectives

- An international parts distribution business
- Revenue of **R20 billion**
- **50%** of revenue from international markets
- Operating profit of **R1.6 billion**
- Operating margin **>8%**
- Attributable profit of **R1 billion**
- Attributable profit margin **>5%**
- Return on capital employed **>20%**
- Return on equity **>15%**
- Conclude the international listing of the Group

Outlook

- Market demand expected to remain muted despite global markets turning positive
- Price competition expected to continue
- Major focus on improving our cost competitiveness
- Focus on growing market share through differentiation and service
- Organic growth will be difficult to achieve
- Several acquisitions under evaluation

Strategic overview

(continued)

Opportunities available to our business

- Organic and acquisitive expansion into African markets
- Organic expansion and joint venture collaboration into Asian markets
- Stressed economic conditions create opportunities to acquire businesses at attractive valuations
- Participate in and lead market consolidations
- Strong balance sheet supports ability to make international acquisitions
- Platform for international listing being prepared to allow for international acquisitions

Risks facing our business

- Reduced demand in mining, industrial, construction and agricultural markets
- Intensified competition pressurising margins
- Currency volatility in emerging markets
- Regulatory challenges in emerging markets
- Lack of gross domestic fixed investment and expansionary capital investment in our markets

03 Performance overview

Joint report of the Chairman and CEO

Overview of the year

The Invicta Group has delivered relatively good results for the year to 31 March 2018, although the performance has been somewhat obscured by the specific tax provision.

Dr C H Wiese
Non-executive Chairman

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

Group performance

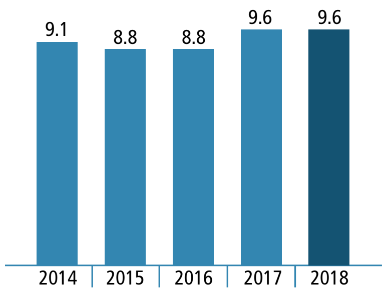
Continuing operations

The continuing operations comprise:

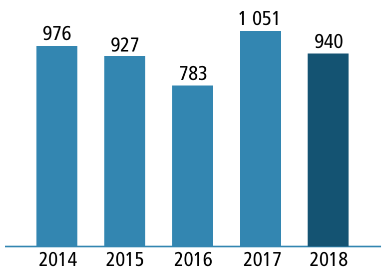
- ESG (Engineering Solutions Group) – distributor of engineering products (e.g. bearings, belts, tools, electric motors, hydraulics etc.), technical services and solutions.
- CEG (Capital Equipment Group) – distributor of agricultural machinery, construction and earthmoving machinery, forklifts and related spare parts, including Kian Ann Engineering, which is based in Singapore.

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

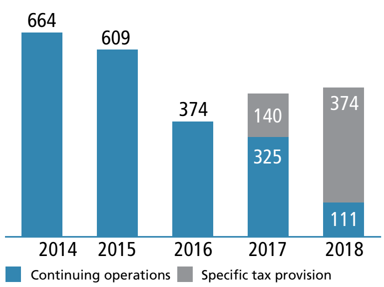
Revenue
(R billion)



Operating profit before foreign exchange movements
(R million)



Earnings per share
(cents)



Joint report of the Chairman and CEO

(continued)


Arnold Goldstone
CEO

Revenue
0%
R9.6 billion

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

Operating profit before foreign exchange movements
-11%
R940 million

Dividend per share
-29%
119 cents

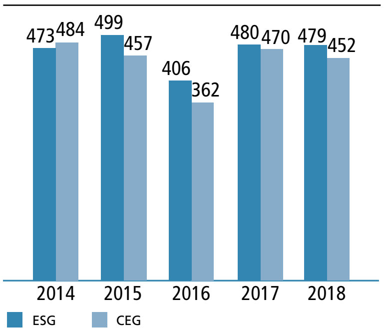
The gross profit percentage achieved in 2018 was 1% lower than last year, due to the South African operations being forced to reduce selling prices in the face of a suddenly strengthening Rand in the fourth quarter of the financial year, as well as the fiercely competitive environment. If the gross profit percentage had remained the same as last year and the once-off cost of R20 million (referred to further below) not been incurred, the operating profit before foreign exchange movements would have been R5 million higher than last year.

Net foreign exchange costs increased by R31 million from R41 million to R71 million, whilst profit before taxation from continuing operations decreased by 15% to R760 million.

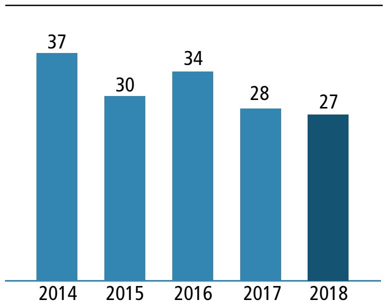
Specific tax provision

- The board of Invicta has noted both stakeholder and market commentary over the potential tax consequences of certain transactions which Invicta entered into several years ago, and which were referred to by the Independent Auditors in their report on the 2017 Annual Financial Statements ('the transactions').
- Based upon advice received, the board is of the view that the transactions are tax compliant. However, the board is also of the view that the ongoing uncertainty is affecting the Group and hampering its ability to use equity to fund expansion, and therefore that a pragmatic solution which provides certainty is preferable to potentially protracted and costly litigation which would also require significant management time and result in material opportunity cost for the Group.

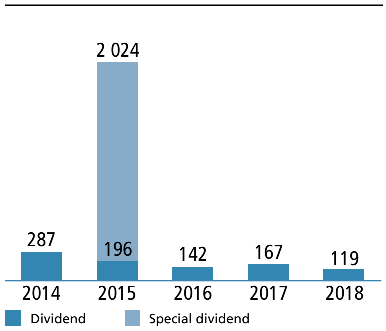
Segment operating profit before foreign exchange movements (R million)



Net interest-bearing debt: equity (%)



Ordinary dividends paid (cents)



Joint report of the Chairman and CEO
(continued)

- The Company therefore continues to negotiate with the South African Revenue Services (SARS) with a view to reaching agreement regarding the tax consequences of the transactions.
- Taking all the above considerations into account, the board has concluded that an amount of R400 million (2017: R150 million) is the best estimate of an additional provision, which amount has been raised in the audited annual consolidated financial statements for the March 2018 financial year.
- Should agreement not be reached with SARS and, on the basis that it elects to issue revised assessments, the Group will defend its position fully.

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

	Note	% Change	31 March 2018 R'000	2017 R'000
Profit before taxation from continuing operations	1	(15)	**759 919**	897 049
Current taxation	2		**(136 351)**	(171 747)
Profit after current taxation from continuing operations, before specific taxation provision		(14)	**623 568**	725 302
Profit for the year from discontinued operations	1		**7 697**	36 505
Profit for the year, before specific tax provision		(17)	**631 265**	761 807
Profit attributable to non-controlling interest	1		**(20 993)**	3 932
Profit attributable to preference shareholders	1		**(84 057)**	(82 435)
Profit attributable to owners of the Company, before specific tax provision		(23)	**526 215**	683 304
Specific taxation provision	3		**(400 000)**	**(150 000)**
Profit attributable to owners of the Company	1	(76)	**126 215**	533 304
Shares in issue ('000)			**106 953**	106 953
Headline earnings per share from continuing operations, before specific tax provision (cents)	4	(23)	**464**	606
Specific tax provision (cents)			**(374)**	(140)
Headline earnings per share from continuing operations, after specific tax provision (cents)		(81)	**90**	466

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

Discontinued operations

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

Statement of financial position information

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

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

ESG

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

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

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

Joint report of the Chairman and CEO
(continued)

CEG

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

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

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

Strategic focus and prospects

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

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

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

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

Changes to the board and board committees

The Group company secretary and legal advisor, Grace Chemaly resigned effective 27 September 2017 and was replaced by Lize Dubery effective 1 January 2018. The board expresses its thanks to Grace Chemaly for her dedicated service.

Gavin Pelser, the CEO of ESG joined the board on 7 September 2017 as an executive director. Nazlee Rajmohamed will further take up the position of financial director on 1 July 2018.

Appreciation

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

The past year has been challenging with watershed changes to the political landscape in South Africa. We are confident that, with the strengths the Group possesses and the strategic plans, the Group will continue to deliver sustainable value to all stakeholders going forward. We enter the new year with hope and optimism.

Dr C H Wiese
Chairman

Arnold Goldstone
Chief executive officer

Divisional management

Capital Equipment Group (CEG)

Anthony (Tony) Sinclair
CEO

Geoff Balshaw
Chief financial officer

Steve Kite
National service manager

LANDBOUPART

Ben Grobler
National parts and managing director

NORTHMEC

Johan van der Merwe
Managing director

NEW HOLLAND SA - PARTS

Ben Grobler
Managing director

DOOSAN SA

Darryl Holton
Managing director

HPE

Alex Ackron
Managing director

CSE

Ross Collard
Managing director

CRITERION EQUIPMENT

Brenton Kemp
Managing director

ESP

Andrew Grobler
Managing director

KIAN ANN

Loy Soo Chew
Managing director

Engineering Solutions Group (ESG)

Gavin Pelser
CEO

BMG

Gavin Pelser
Managing director

Bennie Groenewald
Chief financial officer

Paul McKinlay
Chief operating officer

MAN-DIRK GROUP

Gavin Hall
Managing director

AUTOBAX

John Black
Managing director

OST

Nolene Streicher
Managing director

SCREEN DOCTOR

Brian Paoliello
Managing director

HYFLO GROUP

Emil Berning
Managing director

HANSEN TRANSMISSIONS SA

Mark Barbour
Managing director

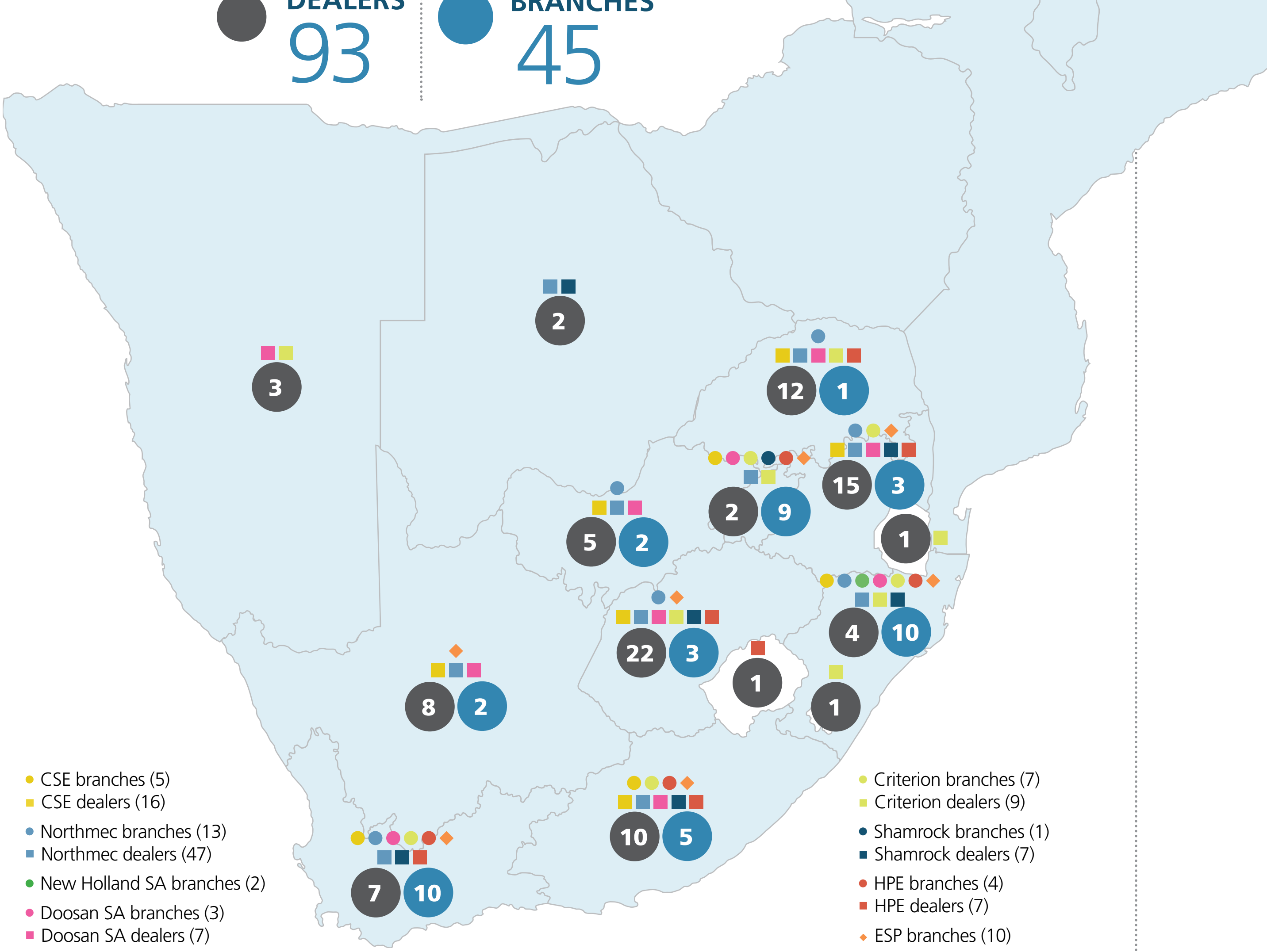
Capital Equipment Group

Tony Sinclair
CEO

Geoff Balshaw
CFO

DEALERS
93

BRANCHES
45



Capital Equipment Group
(continued)

CEG Capital Equipment Group

AGRICULTURAL

AG-Solutions
CASE IH Agriculture
Northmec
Jacto
Bunning
Trimble
Santa Izabel
Maschio Gaspardo
Welger
Lely
Storti
Geringhoff
Sitrex
Baldan
Raven

Simply improving your position.

NHSA Agriculture Parts

Landboupart
Reliance Power Parts
Carraro
Sanz
FP Diesel
Anglo agriparts
Abilene Machine
LUK

CONSTRUCTION & MINING

CASE Construction
CSE
Ransomes Jacobsen
Ryan
Turfco
Smithco

HPE Africa
Hyundai Construction Equipment
Soosan Heavy Industries
McCloskey International

Doosan
Everdigm

EQUIPMENT & SPARE PARTS

ESP

Kian Ann Engineering Pte Ltd
The Trusted Name In Heavy Machinery And Diesel Engine Parts
A Member of Invicta Holdings Group

TCM
Criterion Equipment
Shamrock
Combilift
Moffett

Capital Equipment Group
(continued)

"Without continual growth, evolution and progress, such words as improvement, achievement and success have no meaning"

Introduction

CEG's management is pleased with the performance considering the difficult trading conditions during the trading period:

- Revenue up 2.4%
- Operating profit before foreign exchange movements down 3.8% (reduction due to the loss of the New Holland Equipment distribution franchise in May 2017)
- Operating costs up by 4.0%
- Well managed inventory and debtors
- Healthy return on working capital
- Positive cash generation resulting in good operational interest income

Market conditions:

- Wide scale drought in the Western and Eastern Cape
- Maize production in SA up 149% (6.7 million tons previous year and 16.7 million tons in the trading year)
- Maize prices down 37% on yellow, and 52% on white maize
- Liquidity challenges in the agriculture sector due to the low commodity prices
- Reduced level of investment in infrastructure by both private and public sectors
- Appreciation of the South African rand against the US Dollar during the year under review

Despite negative market conditions in the construction and agriculture equipment markets, CEG increased unit volumes sales significantly thereby securing annuity business through its spare parts business, which is reflected in the revenue increase.

Net operating assets increased to R2 410 million (2017: R2 306 million) giving a return on working capital of 26%.

Review of operations

Agriculture

Most parts of South Africa, with the exception of the Western and Eastern Cape, had good rains which resulted in a record maize crop.

Unfortunately, due to the record crop, the average maize price reduced to below R2 000 a ton from a high of R5 350 a ton in January 2016, which resulted in farmers earning less than the previous year despite the higher yields. The lower profitability has had a direct impact on the farmers' liquidity and ability to buy capital equipment.

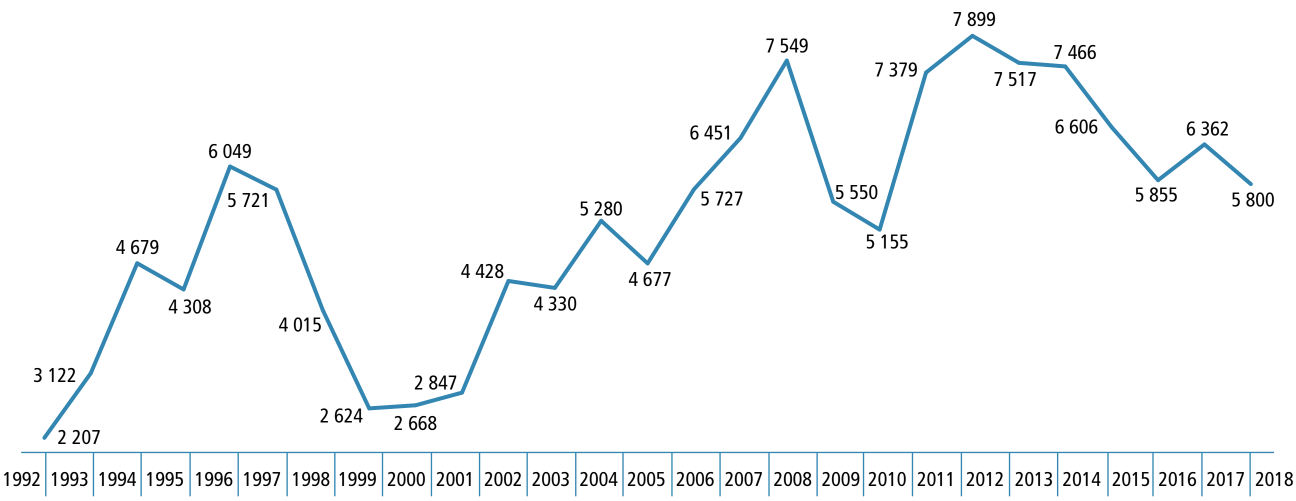
The demand for agricultural tractors increased by 8.7% from 5 855 units to 6 362 units and combine harvesters by 5.4% from 185 units to 195 unit for the calendar year.

CEG has gained market share in most sectors of the market.

Northmec – CASEIH Agricultural Equipment
Northmec, is the sole distributor of CaseIH agricultural equipment and many other well-known global implement brands. Northmec owns 13 retail supplier and 47 wholesale outlets strategically located to support key farming areas.

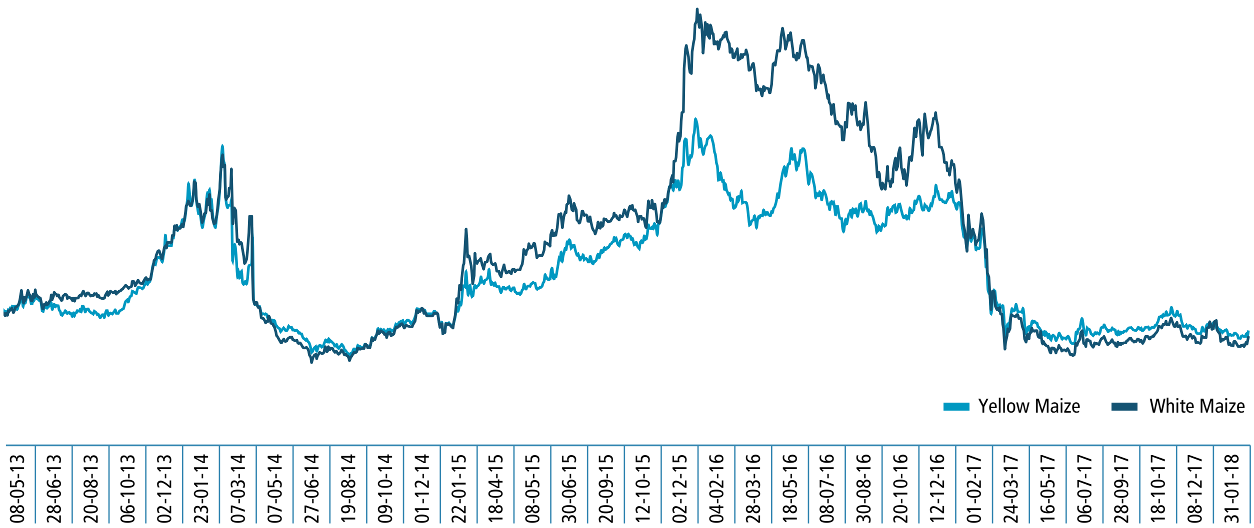
The division has performed well considering the market conditions with revenue increasing by 7.1% during the period under review. However, due to the push to increase volumes, margin was sacrificed, resulting in lower operating profit with only a 3% growth. Whilst operating margin was down, Northmec's tractor market share increased from 9.1% to 11.8% (an increase of 40% in volumes) and cash generation was strong, thus an overall pleasing set of results.

Tractor unit sales total market (SA) – 1992 to 2018 – (2018 Estimated)



Capital Equipment Group
(continued)

Maize prices – May 2013 to March 2018



The tractor market during the year under review was largely a replacement one, therefore in order to do business, trade ins had to be accepted, with the consequence being a build-up of used equipment with effectively no new demand in the local market.

An additional retail branch was opened during the year, with more wholesale outlets to come, increasing the footprint and providing greater coverage to support the customer base.

Northmec opened their new 14 hectare site with a 5 500 square meter Assembly Plant in July 2017, through which all imported equipment is channelled for assembly, quality checks and redistribution to the sales network.

New Holland Agricultural Equipment
CEG management confirmed the termination in January 2017 of the New Holland distribution right in South Africa that it held. The sale of all New Holland equipment held by CEG was completed in May 2017.

Whilst the loss of the New Holland agency was disappointing for both CEG and our customers, on a positive note New Holland South Africa (a CEG company) continues to distribute spare parts under their own brand which constituted a significant percentage of the current New Holland South Africa spare parts turnover.

Further spare parts distribution outlets have been opened during the year with more to follow in the near future.

Landboupart – After Market Agricultural Equipment Spare Parts
Landboupart, an importer of alternative spare parts for Massey Ferguson, John Deere and other agricultural equipment brands, Landbou has had another good year with strong growth in revenue during the year under review.

Management continues to broaden the product base by regularly adding new models and ranges to the customer offering.

A branch was opened in Worcester to cover the Western Cape and take advantage of the demand for quality, well priced grape harvester spare parts in the region. Further distribution outlets will be opened in future.

Opportunities continue to present themselves in this segment, thus further growth in the future is expected.

Construction

Unit volumes in most product sectors showed signs of recovery over the previous year, in a market that was primarily driven by price in the compact plant sector. The plant hire industry was significantly impacted, with rates reducing due to lack of work, which in turn drove machine pricing down to historical levels and therefore resulted in reduced margins.

A shift in demand to bigger loaders and excavators, used predominantly in the mining sector was also apparent, with this segment showing positive signs of recovery. The product sector that had the most significant growth was that of Articulated Dump Trucks (ADTs).

Case Construction Equipment ("CSE"), CASE Construction, Jacobsen/Ransomes turf equipment and Cartcom
CSE adopted a strategy that focused on particular sectors of the construction industry to drive sales volumes. This sales drive resulted in a significant increase in unit sales volumes and strong growth in revenue. Although margin and profitability were affected, this has resulted in a significantly broader customer base, improved customer retention and new business which may sustain the higher level of sales in the future.

Capital Equipment Group
(continued)

Management plans to maintain volume growth in the coming year, but with a heightened focus on margin management to ensure improved profitability.

Jacobsen/Ransomes turf equipment
CSE has achieved strong sales through the Jacobson Turf division. This year's trading conditions however were marred by the severe drought in the Cape region, resulting in many golf courses holding on to their existing units, and the golf industry in general reporting lower rounds year-on-year in all regions.

However, healthy profits were realised in the division, with a notable increase in spare parts sales overall.

Cartcom
Cartcom completed its final year as part of the CSE stable. As rental contracts expired the fleet of carts have been sold off. Management will not be continuing with the Golf Cart division in the next financial year.

HPE – Hyundai Excavators, Loaders and Loader Backhoes
HPE has performed exceptionally well during the year with a significant increase in the volume of units sold. The improved performance has been achieved by improving aftermarket support and focusing on sourcing well priced spare parts.

HPE's traditional markets in industry, construction and mining are displaying positive future prospects. The energy sector, where HPE Africa has also traditionally been active, could also provide significant future opportunities.

HPE remains committed to an efficient and cost effective business model based on product diversification and providing excellent service to its customers. HPE have acquired the McCloskey International range of crushing and screening equipment to compliment the construction equipment range. HPE will continue to place great emphasis on spare parts and service capacity. HPE has also developed the internal capacity to manufacture plant accessories, in order to provide a "one-stop-shop" service, to more effectively serve their clients' needs.

Management is confident that HPE will continue to make a positive contribution to CEG in the coming year.

Doosan Excavators and Loaders
Doosan has a distribution network in South Africa of three owned retail outlets and seven independent wholesale distributors with two added this year to take advantage of the opportunities existing within the mining sector.

Significant changes were made to the management team during the year under review, with the new management achieving a strong overall increase in revenue, especially in the last financial quarter.

The major challenge during the year was to maintain momentum in equipment unit sales and to provide customers with aftermarket support and competitive pricing in spare parts and equipment. Equipment margins have been under pressure, however a strong aftermarket base has contributed to retaining and establishing new customers.

A positive turnaround is visible and further recovery is expected in the new year.

Forklifts

Criterion Equipment – TCM forklift trucks
Criterion Equipment is the sole supplier of renowned TCM forklift trucks in South Africa, and certain neighbouring countries. TCM forklift trucks are imported from Japan and China.

The forklift truck industry experienced a buoyant year, with the industrial market increasing to 8 700 units, up from 6 500 units, for the calendar year.

Criterion continues to invest in its rental fleet, both long-term and short-term. Criterion will continue to introduce new models, not previously available, giving it access to a further significant portion of the market.

Criterion is proud to advise of the purchase of Shamrock Handling Concepts Proprietary Limited ("Shamrock") effective 2 January 2018. Shamrock was established in 1994 and is the sole distributor of Moffett truck mounted forklifts. Shamrock's product offering includes other prominent brands, such as Combilift, Innolift, Agrimac all-terrain forklifts and Multisweep sweepers.

Criterion produced a pleasing set of results for the year, in line with management expectations.

Spare parts aftermarket

The spare parts aftermarket division of CEG has performed exceptionally well, contributing significantly to CEG's operating profit. Many customers have held back on spending money on repairs over the last two years, but now we are beginning to see an increase in enquiries and demand. Machines have been idle for the last few years and now with demand picking up, owners are repairing existing fleets rather than replacing equipment, which bodes well for the year ahead.

Equipment Spare Parts ("ESP")
ESP's revenue has improved year-on-year, with operating profits exceeding both the budget parameters and last year's results.

ESP's undercarriage products achieved strong growth.

Management is confident that ESP will continue to make a positive contribution to CEG in the coming year.

Capital Equipment Group
(continued)

Kian Ann – After-market, Construction, Undercarriage and related spare parts (KA)
Kian Ann trades globally, with a strong presence in South East Asian markets, and is considered a leading supplier of undercarriage, ground engaging tools and truck spare parts in the world.

Kian Ann has had a much improved year with a strong increase in both revenue and operating profit, further enhanced by good cash generation and cost control. Kian Ann displayed a unique resilience, not evident in similar global businesses.

2017/18 showed signs of improved world economic prospects with key indicators pointing to general growth internationally and as a result growth for wholesalers such as Kian Ann, who play a significant role in the supply chain. This is very positive for Kian Ann.

Kian Ann management will continue to look for opportunities to build the business.

Prospects

The results for the financial year are below expectations, however there are areas of the business that have performed exceptionally well. The loss of the New Holland agricultural equipment business impacted negatively on CEG's overall performance, especially in terms of operating profit. Most of the lost revenue has been recovered, and the current aim is to also recover the lost operating profit.

The focus for the new trading year is to adapt to the market:

- Taking advantage of market opportunities;
- Identifying potential opportunities for acquisitions; and
- Margin management.

The management of CEG, with their strong and supportive work force that continuously work in a positive environment, and are confident in the financial and structural basis of all the companies in CEG.

CEG is well positioned to take advantage of any improvement in market conditions and to make acquisitions aligned with CEG's future strategic planning.

Note:

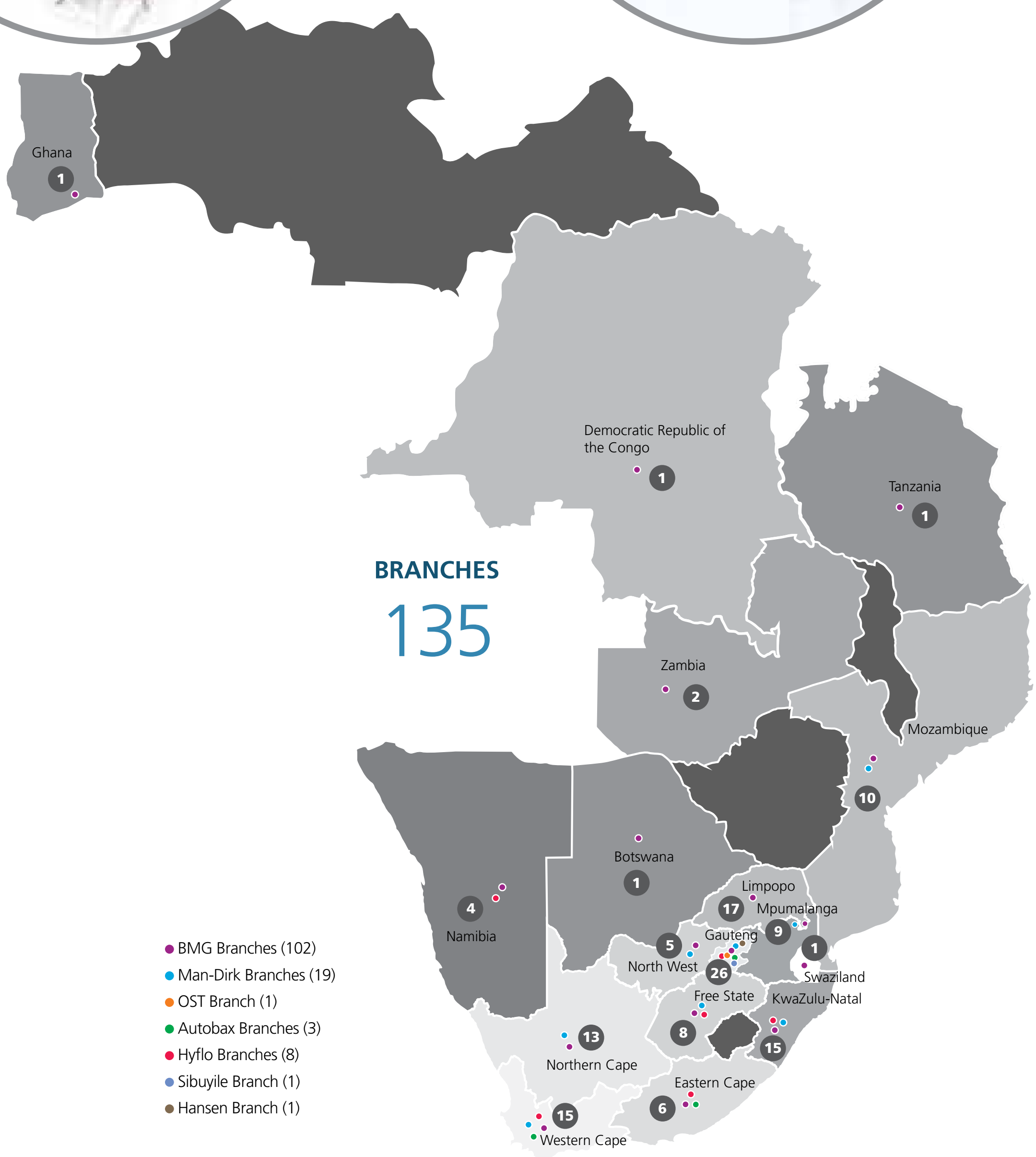
We are very sad to have to say goodbye to Ben Grobler, who is retiring in September 2018 after being with CEG for 34 years. Ben has successfully held many positions in CEG throughout his career, most notably the managing director of the CEG's National Spare Parts in which he has excelled.

On behalf of the CEG team we would like to sincerely thank Ben for his immense contribution over all these years and wish him a very happy, healthy and busy retirement.

Engineering Solutions Group

Gavin Pelser
CEO

Bennie Groenewald
CFO



BMG

BEARINGS
NTN-SNR
NSK-RHP
IKO
TIMKEN
ROLLWAY
ROLLIX
HKT
HABOT
FSQ
BTC
STAF

SEALS
Hallite
BULLDOG
Leader
Garlock
TTO
TRELLEBORG
LOCTITE
SPANJAARD
PHOENIX
Flexoid
MEKROLEK

POWER TRANSMISSION
Fenner
REXNORD
TIMKEN
esco
Gates
VULKAN DRIVE TECH
FALK
TSUBAKI
BTC
HUTCHINSON

TOOLS AND FASTENERS
NORD-LOCK
SUPERBOLT
CRC
KLINGSPOR
IRtek
MARATHON
HUCK
BOSCH
GEDORE
Thome + Schwind

DRIVES AND MOTORS
VARVEL
Sumitomo Drive Technologies
NORD DRIVESYSTEMS
BMG MOTOLINE
Hansen industrial gearboxes
Danfoss
ZOLLERN dorstener
VACON
dinamic oil
VISAM
SYNERGY
BTC

MATERIALS HANDLING
SYSTEM PLAST
EATON
uni chains
4B
Belting Solutions
MLT
Ammeraal Beltech
FENNER
MegaRoller
sureguide
BELTFAST
REXNORD
VOLTA

FLUID TECHNOLOGY
FESTO
Kawasaki
Staffa
ENERPAC
InterApp
KLEP
omsa
EATON
Parker
Filtration Group
OMT
MARZOCCHI POMPE
SEIM
Galtech
Oleoweb
Stucchi
Fleetguard
3M
PISTER
FLOWmetrix
PIUSI
BIERI
SAFI
REED
SED
HADRO
TOTAL
DINGLI
ABNOX

TECHNICAL RESOURCES
SPM
RAYSHIM
IRtek
Easy-Laser

SUBSIDIARIES

MANDIRK
SIBUYILE
metabo
Master Lock
GEDORE
FLUKE
SOMTA
MAXPPE
PFERD

AUTOBAX
TIMKEN
STC SHIMIZU
Gates
EUROPART
DLZ
uniclips.com

HYFLO
EATON
FESTO
VOSS
Rexroth Bosch Group
Parker
STAUFF

Hansen industrial gearboxes
OST Oscillating Systems Technology Africa
SD Screen Doctor (Pty) Ltd Technologies

Engineering Solutions Group
(continued)

Introduction

- ESG's 2018 results are satisfactory, considering the volatile year with political unrest, the downgrade of South Africa's credit rating and the low commodity pricing.
- ESG has seen a downturn in demand for its products and has focused on re-sizing the business through cost saving initiatives and the continued "Simplify for Success" program.
- ESG has used the year to bed down a number of strategic integrations which will continue through the 2019 financial year.

Results

- Revenue down 2.3%
- Operating profit marginally down 0.2%
- Gross margins remained under pressure especially in the last quarter as the South African Rand strengthened against almost all major currencies
- The BMG World site is complete and fully operational

Financial Review

The 2018 financial year was challenging, with investors holding back on new capital projects due to the uncertainties facing the South African economy.

Revenue decreased by 2.3% to R4.6 billion (2017: R4.7 billion). The acquisition of Fenner (effective 1 February 2018) did not materially impact revenue, however we foresee a significant boost to revenues going forward.

Gross margins remained under pressure, especially in the second half of the financial year during which the Rand strengthened against all major currencies. As in the previous year, the increase in costs remained well below inflation mainly due to cost saving initiatives by management to counter the decline in sales. This resulted in the operating margin of 10.5% (2017: 10.3%) being maintained.

Ensuring unrivalled levels of stock availability remains a strategic differentiator for ESG. Stock levels increased due to the Fenner acquisition and further strategic purchases of specific product ranges affected by the introduction of import duties. The debtor's book continues to be well managed despite pressure from our major customers to extend credit terms. Debts over R250 000 continue to be insured.

Net operating assets increased to R2.3 billion (2017:R2.0 billion), mainly as a result of the increased stockholding. Return on net segment assets decreased to 20.8% (2017:24.1%).

BMG

BMG's focus for the year has been on consolidating the business and furthering our strategy to expand the products and services offered to our customers.

Although the strengthening of the Rand in the last quarter resulted in pressure on revenue value and gross margin, there were no upward price adjustments done in this financial year.

The BMG Regional Service Centre roll-out is now complete, with Port Elizabeth and Richards Bay having been added. BMG now has six Regional Service Centres across South Africa.

BMG is focused on partnering with our customers in all sectors by offering the full basket of products supported by technical expertise and field service to install and maintain the products.

The driving force behind BMG's strategy is to be part of every process, from design, manufacture, installation and on-going maintenance to replacement, ensuring that our customers remain efficient and competitive.

Man-Dirk Group

Man-Dirk Group, ESG's tool and equipment business experienced a challenging trading year across the business sectors in which it operates.

The IT infrastructure and connectivity was upgraded across all group locations in preparation for the consolidation of ERP systems. The business also spent considerable time and energy on internal processes and new product development, thus setting itself up for an improved performance. At the same time the sales teams focused externally and further improved customer service levels.

Autobax

Autobax has once again delivered a very pleasing performance and has reaped the benefits of its investments in their IT Systems and stock. Autobax has further taken on additional warehouse space to cater for new business developed during the year.

The Autobax team has a clear vision of "One Team One Goal" which has been the catalyst for the team's success over the last financial year. Management has also reduced costs without compromising business efficiency.

Market conditions are always tough in the automotive sector, and we continue to face those challenges as they present themselves. Despite this, the Autobax team is well positioned to return another good performance in the forthcoming year with some new projects in the pipeline.

Autobax is highly motivated and focused to become the market leader and offer world class service to its customers.

Hansen Transmission SA

Hansen has performed above expectations with the growth coming from both new and repair units.

The integration of its operations into the BMG Engineering facility has resulted in improvement in efficiencies and cost savings. This has set up Hansen Transmission SA for success in the future.

The relationship with Sumitomo/Hansen is solid and a very close technical link is in place.

Hyflo Group

This business has been affected by the global reduction in oil and gas exploration and new projects. A decision was taken to resize the business and this has assisted the financial performance of the business. The business is refocused on selling its range into sectors including agriculture, food and wine industries.

Engineering Solutions Group
(continued)

BMG Africa Operations

A new company was created called ESG Exports which focuses on the export of all ESG products to ensure fast, efficient supply to our BMG branch network in Africa.

BMG has 18 branches across Botswana, Namibia, the DRC, Tanzania, Ghana and Zambia, with Hyflo adding two Namibian branches to the tally.

ESG Exports will also supply local cross-border buying houses and aims to significantly increase ESG's foreign business.

Strategic Developments

- Acquisitions:
  - The rights to exclusively market, sell and distribute the Fenner range of heavy duty belting throughout Africa was purchased from Fenner South Africa. The increased product and service capability this brings now allows the sale of complete conveyor systems with all products sourced from BMG.
  - ESG will continue to make strategic acquisitions, to increase our 360 degree offering and continue to add value for customers.
- The BMG World site upgrade has been completed.
- Simplify for Success ("S4S"):
  - The first phase of S4S, launched in BMG is now complete.
  - The roll-out of the S4S will now be implemented across the Man-Dirk Group of companies and should be completed in the 2019 financial year.
- ESG aims to be the leading industrial on-line business in Africa and has embarked on a strategic program to launch an on-line sales platform for the entire group with the launch targeted for July 2018.
- Outlook:
  - The outlook for the new financial year is positive with improved sentiment in the South African business sector.
  - Continued rand volatility continues to hamper performance but an upswing in commodity prices will improve mining prospects and investment.
  - ESG will continue to grow its business and infrastructure in Africa with the aim of achieving our 2022 strategy having 30% of our business come from outside of South Africa (our African operations contributed 10.7% of the 2018 financial year's revenue. The drop from prior year (11.4%) is mainly as a result of the strengthening of the Rand).

Corporate responsibility and sustainability report

The sustainability of our business

Invicta understands the crucial importance of the medium- and long-term sustainability of our businesses, not only for the benefit of the Company, but also in the interests of all its stakeholders.

Central to the growth and sustainability of Invicta are the decisions on the best use of the Company's funds, balanced between acquisitions, capital expenditure and cash investments. Invicta's board has extensive knowledge and experience in business, strategy and the industries we operate in. Our risk management processes, combined with the applied insight of senior management further informs these decisions and the underlying strategy. For further information on our strategy please refer to page 13.

Understanding the needs of our stakeholders is important to provide context for our strategic decisions.

Stakeholder	Engagement	Interests identified	Our focus
Employees	Regular meetings, performance reviews and engagement with trade unions	Job certainty, training and development, good working environment, fair remuneration	Attracting, developing and retaining quality employees. Health and safety compliance.
Customers and suppliers	Regular visits by company representatives	Requests for products and services, ease of doing business. Maintaining visibility and market share for suppliers	Expanding our product and service offering, quality management, improving the efficiency of order processing through technology, strengthening and expanding distribution channels and marketing.
Shareholders, funders and creditors	Investor presentations, AGMs, meetings with banks and major shareholders	Superior financial performance, good corporate governance, strong management, transparency	Balanced use of various forms of debt to facilitate growth, improving reporting, ensuring good governance practices.
Regulators, government and society as a whole	Various corporate social investment initiatives in the industries and communities in which Invicta operates. Engagement with regulators and government entities in day-to-day business	Compliance with laws and regulations, social and environmental responsibility, transparency, job creation	Compliance with all applicable laws and regulations, contributing to social value by reinvesting into communities, building businesses that are sustainable both economically and environmentally.

Invicta's corporate responsibility

Introduction

As a South African company, Invicta fully supports the human rights that are entrenched in our country's constitution and recognises our role in the promotion and protection of our stakeholders' rights and interests. Most of these rights fall under the universal themes that are monitored by Invicta's Social and Ethics Committee.

Invicta understands the interconnectedness that lies in the improvement in the lives of others. Contributing to the betterment of society will lead to innovation and growth in the economy, meaning more construction, engineering and farming, which in turn is good for the growth of our businesses. Simply put, the better off our stakeholders are, the better off Invicta will be.

Invicta further recognises that mere compliance with laws and regulations is often not sufficient to be considered a responsible citizen, or for us to achieve our strategic objectives. As such, Invicta constantly seeks appropriate ways to go above and beyond.

Our employees

Invicta's employees are the driving force behind its operations. Each of Invicta's divisions maintains their own human resources departments that ensure that the Group complies with the Employment Equity Act and other labour legislation.

We believe that diversity adds strength to our business and our human resources departments are tasked with implementing policies to advance equality and transformation in their various businesses. A policy is also in place at board level to promote diversity.

The wellbeing of our staff is paramount and Health and Safety is a constant focus within our businesses. In line with this priority, the Capital Equipment Group has undertaken a full review of the health and safety policies, procedures, record-keeping and compliance throughout all of its businesses. Clinics are provided at certain of our facilities to provide not only occupational health services, but to assist our staff's general health concerns.

Invicta's divisions further support their staff by providing medical aid and retirement benefits and disability insurance.

Invicta does not allow any forced or child labour and will not do business with suppliers who allow such practices.

Directors, management and other employees are all held to the Group's Code of Ethics. The Group does not tolerate illegal behaviour and strictly enforces its policies. Invicta has a whistle-blowing hotline available to report any discrimination, non-compliance, corruption or suspicious behaviour.

Invicta's continuing aim is to sustain a culture of ethics and compliance throughout the organisation, thereby reducing risk and promoting trust within the organisation and among its stakeholders.

Corporate responsibility and sustainability report (continued)

B-BBEE and transformation

Invicta South Africa Holdings Proprietary Limited achieved a rating of Level 6 in the 2018 financial year and the compliance report of the B-BBEE Commission is available on Invicta's website.

Man-Dirk (part of Engineering Supplies Group) has been continuing their empowerment initiative through the AME companies whereby Man-Dirk partners with entrepreneurs in mining communities to create sustainable local supply companies.

ESG are planning to take empowerment a step further by creating a franchise of 100% black-owned companies where entrepreneurs will be supported and assisted by ESG staff.

Further information on Invicta's approach to skills development and socio-economic development can be found on pages 31 to 32.

Environmental Protection

The businesses with the highest environmental impact in the Group, namely BMG's engineering activities and MacNeil Plastics, comply with the applicable standards and are regularly monitored with a view to reducing any negative impact they may have on the environment.

The remainder of the Group has a relatively low direct environmental impact. We are nevertheless mindful of ways to minimise the effect our operations have on the environment and continually monitor elements such as the carbon footprint of products sourced from different suppliers.

Waste recycling occurs as a matter of course and measures are implemented to ensure no oils and chemicals are allowed to contaminate the water table and soil. We are further looking to increase the efficiency of our logistic processes in order to limit the impact the transport our products have on the environment.

The improvement of our sales processes through the use of technology will reduce the amount of paper used by both us and our customers. Invicta has further set up dedicated video conferencing facilities that reduce the need for travel.

Invicta's focus on education

We believe that training and development is the best way to benefit our employees and indirectly, Invicta's other stakeholders.

Invicta's social investment projects are focused around education, supporting both learners and teachers.

Invicta's investment in the development of our employees

Continuous technical training	Sales training and product training
Inhouse seminars on soft skills and leadership	Various inhouse operational and product training on the e-learning portal
Apprenticeships	IT training
Occupational Health and Safety training	Career coaching and mentoring
MerSeta Accredited Learnerships	Bursaries to attend external courses
ISO training	

Direct benefits

Employees have better knowledge of laws, regulations and procedures	Better employee engagement and higher staff retention
Better innovation and identification of opportunities	Improved technical, product and market knowledge in the businesses
A safer working environment	Improved processes and efficiency

Indirect benefits

Employees improve their earning potential; benefitting their families and communities	Improved regulatory compliance and internal controls
Customers and suppliers are better served	Improved financial results

The Humulani Empowerment Trust (HET) / Humulani Employee Investment Trust (HEIT)

The Humulani Employee Investment Trust and the Humulani Empowerment Trust ("The Trusts") were established in 2007 and 2011 respectively and is the main conduit for Invicta's social investments. The trusts are funded by dividends from Invicta South Africa Holdings Proprietary Limited.

Projects are identified and vetted by the trustees who play an active role in supporting the initiatives.

Grow with Educare centres

This project upgrades childcare centres in low-income areas and empowers the school owners through training in high quality early childhood development as well as the skills needed to develop and sustain a successful business.

Network Action Group

HET approved a grant to the Network Action Group to assist with the creation of an Early Childhood Development (ECD) online application. The goal is to collect data on existing ECD services in order to plan and budget improvements.

Ruth First Jeppe Memorial scholarships

HET sponsors ten girls to attend Jeppe High School for girls. The girls (now in grades 8 and 9) are further supported through activities such as study skills courses, career guidance and mentorship programmes.

Buhle Farmers' Academy

Buhle Farmers' Academy offers practical skills training to emerging farmers. HET is the anchor donor for their Livestock course, which is attracting significant interest from women.

Global Teachers Institute: Future Leaders Expansion Programme

The Future Leaders Programme is a development programme that provides school-based mentoring, workplace experience and professional development to teachers.

Trainees in the January - March 2017 Livestock Course. We had a bumper year of female interest. Thanks to you at Humulani, these women were all trained in Livestock production.

Trainees learning how to brand animals to avoid stock theft and loss.

Image: Buhle Farmers' Academy

Grade 9: Naledi, Lephuting, Tshaamano Mabuba, Sheila.

Image: Ruth First Jeppe

Trainees learning how to handle animals in an animal "crush".

Image: Buhle Farmers' Academy

Trainees survey the pigs that they are caring for in the practical aspect of their training at Buhle.

Image: Buhle Farmers' Academy

Grade 8: Bassem Besong, Favour Oluwaleye, Maroushka Maghoma, Chiamaka Obi, Layla Fynn.

Image: Ruth First Jeppe

The Humulani Empowerment Trust (HET) / Humulani Employee Investment Trust (HEIT) (continued)

Partners for possibility

This initiative partners principals from under-resourced schools with business leaders as part of a year-long, structured leadership development programme. During 2017/2018 HET sponsored eight school principals to join the programme.

Skillsure

Skillsure is a work-bridging programme assisting persons working with disabilities, amongst other previously disadvantaged, to enter the formal economy. HET's funding has assisted Skillsure to expand into an experiential area which includes youth who are living with disabilities.

Afrika Tikkun

This initiative provides programmes to holistically support the educational, psychosocial, health and economic needs of children and youth. Their programmes focus on Early Childhood Development; Child and Youth Development; as well as Youth Skills Development and Placement.

PROTEC

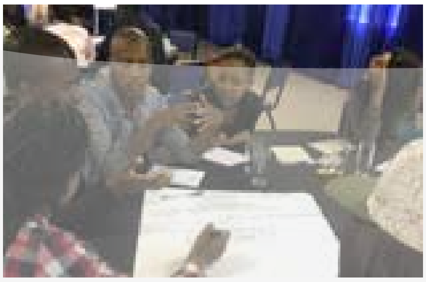
PROTEC supports learners from previously disadvantaged communities to attain quality passes in Science, Technology, Engineering and Mathematics (STEM) related subjects to enable and encourage them to pursue careers in STEM. BMG and HET assisted PROTEC to reach out to far-flung areas such as Rustenburg, Carletonville and Steelpoort. PROTEC boasts many distinctions and excellent pass rates amongst its students.

Nampo Combined Agricultural School

The school incorporates Grades RR to 12 and has 790 learners, of which 200 reside on farms. HET has been assisting Nampo School, especially the crèche, with various projects since 2012. The school again achieved a 100% matric pass rate in 2017.

LIV Village

LIV village places vulnerable children into a family environment where they receive unconditional love and guidance on moral values and life skills in order for them to influence and inspire others. HET funds the weekly running costs for four of the foster homes.



Group discussion at the orientation (Midrand, 10 January 2018).

Image: Global Teachers Institute

Group presentations at the orientation workshop (Midrand, 11 January 2018).

Image: Global Teachers Institute

Grow with Educare centres

Some images from the 2017 Summit.

Image: Global Teachers Institute

Some images from the 2017 Summit.

Image: Global Teachers Institute

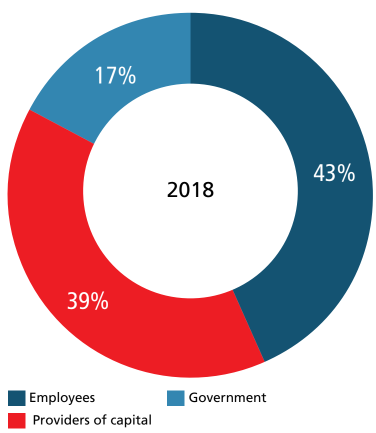
Value added statement

for the year ended 31 March 2018

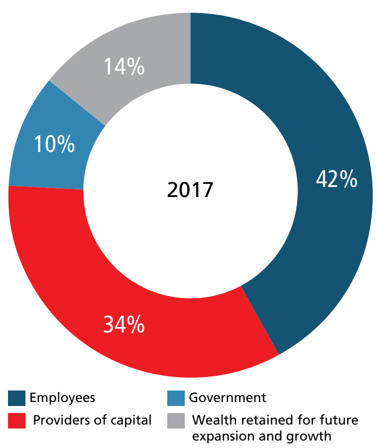
The value added statement shows the wealth that the Group has created through its activities and how this wealth has been distributed to stakeholders. The statement reflects the amounts retained and reinvested in the Group for the replacement of assets and the development of future operations.

	2018 R'000	2017 R'000	% change
Revenue	**9 639 807**	9 631 811	–
Cost of goods and services	**(7 410 479)**	(7 061 826)	5%
Value added	**2 229 328**	2 569 985	(13%)
Income from investments	**838 156**	776 047	8%
Wealth created	**3 067 484**	3 346 032	(8%)
Wealth distribution:			
Employees			
Salaries, wages and benefits	**1 316 352**	1 415 073	(7%)
Providers of capital			
Dividends to shareholders	**262 877**	235 192	12%
Finance costs	**947 091**	889 429	6%
	1 209 968	1 124 621	8%
Government			
Corporate tax	**536 351**	321 747	67%
Wealth retained for future expansion and growth			
Amortisation of intangibles and depreciation of property, plant and equipment	**99 089**	113 224	(12%)
Retained income	**(94 276)**	371 367	(125%)
	4 813	484 591	(99%)
Wealth distributed	**3 067 484**	3 346 032	(8%)

Distribution of wealth created (%)



Distribution of wealth created (%)



04

Corporate governance

Corporate governance report

The board of directors

Role and functions

Invicta's board operates in terms of a charter setting out its powers and responsibilities, which is reviewed regularly. The board is assisted in its duties by its committees and management.

The board meets a minimum of four times per year.

Committees

The board has delegated certain of its duties to the Audit Committee, Remuneration Committee and Social and Ethics Committee. The Nominations Committee acts as an *ad hoc* committee, meeting only when required. The Audit Committee has two sub-committees that report to it, namely the Risk Committee and the ICT Committee. The report of the Audit Committee and its sub-committees can be found on pages 2 to 4 of the annual consolidated financial statements. The Social and Ethics Committee's report can be found on page 38, and the Remuneration Committee's report on page 39.

Delegation to management

The board has delegated responsibility for the day-to-day running of the Group to the executive directors and their respective management teams.

The board receives reports and assurance from the executive directors, the Group's internal audit function, external auditors and the Group company secretary. The executive directors meet regularly, and each division holds monthly management meetings to report on the strategy and performance of their businesses.

The Directors

Invicta's board comprises of eleven directors in a unitary structure, with four executive directors and seven non-executive directors, of whom three are independent. While the ratio of independent non-executive to non-executive directors is short of the King IV recommendation, the board feels that there is nonetheless an appropriate balance of power on the board and that each of its independent non-executive directors provide strong independent oversight.

The non-executive chairman, Dr Christo Wiese, is not considered to be independent as he is also a major shareholder. Mr David Samuels is appointed as the lead independent non-executive director to undertake the role of chair in case of a conflict of interest.

As required in terms of King IV, the board evaluated the continued independence of Mr David Samuels, having been on the board for longer than nine years. The board agreed that Mr Samuels remains independent.

In making a decision on the appointment of a director the board is guided by the board diversity policy. While the board has not set any quantitative targets for the time being, the policy provides that preference will be given to candidates from under-represented groups.

During the reporting period Mr Gavin Pelser, the CEO of Invicta's ESG division, joined the board as an executive director, adding valuable commercial insight.

The board will welcome Ms Nazlee Rajmohamed as financial director from 1 July 2018. Ms Rajmohamed is a chartered accountant, holding a bachelor of commerce degree and a post-graduate diploma in accountancy. Ms Rajmohamed has over 24 years' experience, having held senior positions within the TOTAL Société Anonyme Group in South Africa, Nigeria and France. Ms Rajmohamed joins Invicta from MTN Group Limited where she served as the Executive Group Finance Operations.

Further details of each our directors can be found on pages 8 to 9 of this Report. Per the requirements of the Company's MOI, the two new appointments will be referred to shareholders for confirmation at the AGM. A third of non-executives will further retire by rotation and offer themselves for re-election. The board has confirmed its support of each of these resolutions.

Succession planning

Succession planning is regularly considered, in both the context of risk mitigation in the short term, as well as the development and mentoring of senior management in the longer term.

During the year in review, the Risk Committee performed an analysis of succession for key positions in the Group, with the gaps identified being addressed by the appropriate management.

Board evaluation

Invicta's board values openness and transparency and directors are encouraged to raise any concerns regarding board functioning as they arise. Internal board evaluations are performed annually with a focus on receiving meaningful comments and suggestions.

No material matters of concern were identified during the 2018 financial year.

Directors' meeting attendance during the 2018 financial year

	Board	Audit Committee	Social & Ethics Committee	Remuneration Committee
Dr Christo Wiese	4/4	–	–	1/1
Arnold Goldstone	4/4	–	1/1	–
Craig Barnard	4/4	–	1/1	–
Tony Sinclair	4/4	–	–	–
Gavin Pelser	2/2	–	–	–
David Samuels	2/4	3/4	–	1/1
Rashid Wally	4/4	4/4	1/1	1/1
Ramani Naidoo	3/4	4/4	–	–
Lance Sherrell	3/4	–	–	–
Adv. Jacob Wiese	4/4	–	–	–
Byron Nichles	4/4	–	–	–

Corporate governance report
(continued)

Group company secretary

The board is supported by the Group company secretary who provides independent guidance on corporate governance and related matters. The Group company secretary further assists with the induction of new directors and keeping the board up to date with legal developments.

During the reporting period the Group company secretary and legal advisor, Ms Grace Chemaly resigned effective 27 September 2017 and was replaced by Ms Lize Dubery effective 1 January 2018.

The board has considered and is satisfied with the competence, experience, qualifications and independence of the Group company secretary.

The board considers its access to professional and independent governance services to be sufficient. A policy is also in place enabling directors access to external professional advisors as and when required.

Ethics

Directors are expected to maintain the highest standards of ethics and to fulfil their fiduciary duties to the Company at all times. The directors are bound by the same gift policy and code of ethics applicable to the rest of the Group.

The board's share dealing policy reinforces the requirements of the Financial Markets Act and the JSE Listings Requirements. The board further recognises that this responsibility extends further than the letter of the law and voluntarily imposes restrictions on trading when required.

Directors disclose their other business interests in terms of the Companies Act (2008) and Invicta's conflict of interest policy. Directors maintain a register through the Group company secretary of their interests and are further required to disclose any interests they may have regarding the discussions to take place at meetings.

Social and Ethics Committee report

Invicta's Social and Ethics Committee is mandated to monitor the Group's activities in terms of Regulation 43 of the Companies Act (2008). The Committee further guides the board as to ways to build and sustain an ethical corporate culture within the Group. For further information on the Group's corporate responsibility please refer to pages 31 to 32 of this Report.

The Committee's mandate is documented in a regularly reviewed charter. Invicta's Social and Ethics Committee is chaired by Mr Rashid Wally (independent non-executive director), with the other members being Mr Arnold Goldstone and Mr Craig Barnard (executive directors). Divisional management are invited to meetings to report to the Committee as required.

During the reporting period the Committee met once. The Committee is satisfied that it fulfilled its mandate during the period.

The Committee's focus areas during the year included a review of the Group's B-BBEE strategy, as well as the creation of a reporting structure appropriate for the Committee.

The Committee recognises that while ethical and responsible business underpins all of the Group's operations, the recording and reporting of the Group's procedures and activities could be improved upon. The Social and Ethics Committee reporting structure will not only ensure that organisation is seen to be a responsible corporate citizen, as recommended in King IV, but also improve the identification and management of risk. This will form a future focus area for the Committee.

Remuneration Committee report

The Remuneration Committee

Invicta's Remuneration Committee consists of three non-executive directors, being Mr David Samuels (Chairman), Dr Christo Wiese and Mr Rashid Wally. Mr Arnold Goldstone attends meetings as a standing invitee. During the 2018 financial year the Committee met once.

The Committee is chaired by an independent non-executive director and no director may take part in a decision on his or her own remuneration. The Committee is responsible for assisting the board to ensure that the remuneration philosophy is applied consistently throughout the Group, that the Company remunerates its directors and executives fairly and responsibly and to ensure that the disclosure of such remuneration is accurate, complete and transparent. The Committee is satisfied that it fulfilled its mandate during the reporting period.

During the reporting period the Committee made recommendations regarding the implementation of the King IV recommendations, the treatment of the Long-Term Bonus and Share Incentive Rights Scheme ("LBSIR") and ways to address income differentials. The Committee will continue to ensure that the remuneration policy is aligned with furthering the Company's strategic objectives.

Shareholders will be asked to pass resolutions at the AGM approving the fees of the non-executive directors, as well as separate non-binding advisory votes on the remuneration policy and remuneration implementation report.

Background to the remuneration policy

Invicta's remuneration policy is informed by the need to attract, retain and incentivise high-quality staff in order to grow the business and create sustainable value for its stakeholders. In setting remuneration, the board considers various internal and external factors, including market benchmarks, the shortage of skills in the market and the social responsibility to reduce income inequality.

While external remuneration consultants have not been used, the board has referred to reports from top auditing firms as guidance.

In line with the King IV recommendations, the remuneration policy was amended to provide for shareholder engagement should the advisory votes on the policy and implementation report receive more than 25% of votes against them at the AGM. At the 2017 AGM, the resolution passed with 73.02% votes in favour. Shareholders will be called upon to explain their reasons for voting against the policy and/or its implementation and these responses will be discussed by the Remuneration Committee and the board. The board will then decide on the best way to address the responses, and identify where amendments to the policy are required. A report will be provided to shareholders regarding the engagements and actions taken.

Overview of the remuneration policy

Invicta's remuneration policy is based on the following principles:

- Total rewards are set at levels competitive within the relevant market.
- Incentive-based rewards are earned through the achievement of demanding performance conditions consistent with shareholder interests across the short-, medium- and long-term.
- The design of long-term incentives is prudent and does not expose shareholders to unreasonable financial risk.

Invicta's remuneration structure generally includes a base salary, benefits, short-term incentives and long-term incentives. As far as possible, incentives are applied to areas over which an employee has direct influence. The remuneration of Invicta's executives is structured as follows:

Base salary: The base salary is set to be competitive at the median quartile level when comparing the remuneration for similar positions in companies comparable in terms of size, market sector and business complexity. Base salaries are reviewed annually, taking into account the performance of the individual, the Company and the Group and any changes in responsibility.

Employment benefits: Benefits include medical aid and retirement fund membership.

Short-term incentives: Short-term incentives are based on key performance indicators set each year, including Group and/or individual performance. The measures and targets are reviewed annually.

Long-term incentives: Invicta's executives participate in the LBSIR scheme in terms of which they are granted a bonus share incentive right calculated with reference to a specified number of shares at a price equal to the five-day volume weighted average market price on the date of grant. The bonus right quantum is determined with reference to the executive's short-term bonus achieved in that year.

The bonus right vests after a period of one year, (subject to the achievement of the performance conditions set for the executive), and the bonus right becomes exercisable as follows:

- 50% after a further two-year period (year three);
- 25% after a further three-year period (year four); and
- 25% after a further four-year period (year five).

The bonus right is determined based on the difference between the grant price and the five-day volume weighted average market price on the exercise date.

The bonus right expense has been calculated using a Black-Scholes valuation model and is expensed over the appropriate period from the grant date and is recorded in the share appreciation reserve. The Remuneration Committee has issued a directive that the scheme is to be settled strictly through the issue of shares.

Remuneration Committee report
(continued)

In 2011 loans were provided to certain executives for the purpose of purchasing shares in Invicta. This loan scheme will come to a close during the 2019 financial year when all outstanding repayments will become due.

None of the executives are bound by service contracts, but engagement letters are in place for executives (excluding the CEO) requiring notice periods of between one to three months. Executives are not required to have any minimum shareholding.

Apart from the application of the LBSIR scheme rules, there are no arrangements in respect of any payments upon termination of employment. The Company has also not paid any sign-on, retention or restraint payments during the reporting period. There are no arrangements in place regarding any pre- or post-vesting forfeiture of remuneration.

Executives are assessed based on the annual performance of the business area they are responsible for, divisional performance, Group performance and their individual performance. The measures are balanced differently for each executive, based on their responsibilities. The total remuneration paid to executives, including a breakdown of their short-term and long-term incentives, allowances and bonuses can be found on page 48 of the annual consolidated financial statements.

Non-executive directors are remunerated for their services as directors and these fees are submitted to shareholders for approval each year. The fees are based on a per-meeting fee, together with an additional annual fee for the Chairman of the board and the Chairman of the Audit Committee. The annual increase in non-executive directors' fees are aligned with the general increase across the Group for its employees.

Implementation report

Details of how the remuneration policy was applied can be found on pages 48 to 50 of the annual consolidated financial statements.

Not mentioned in the disclosures is a payment of a consultancy fee to the former CEO Charles Walters for the six months following his resignation on 31 January 2017.

King IV

Invicta fully supports the principles and objectives of King IV. The governance outcomes described in King IV, namely ethical culture, good performance, effective control and legitimacy forms part of the foundation upon which the Group's business practices are built. An explanation of Invicta's application of the King IV principles can be found below and throughout the integrated annual report. The board recognises the value of the work done by the King Committee, and considers the recommended practices in making decisions. While not every recommended practice has been followed, Invicta believes that the essence of the principles have been applied.

	King IV principles	Application
1	The governing body should lead ethically and effectively.	The board members have agreed to follow the Group's code of ethics and the board charter. Directors are further subject to a gift declaration policy, share dealing policy and a policy on the declaration of their personal financial interests. Any transactions which involves board members' external interests are subject to increased scrutiny. The board members do not take part in the decisions where they are conflicted. Board evaluations assist in assessing the effectiveness of the board and of individual directors, and directors are encouraged to raise any problems as they occur. Reports of unethical behaviour may also be routed via the Company's tip-off line.
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	An ethical culture is spread through behavioural leadership, with executive directors emphasising ethics at an operational level. Unethical behaviour is not tolerated and is investigated and dealt with in a consistent manner. Focus will remain on the communication and strict application of the code of ethics.
3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Please refer to pages 31 to 34 of this Report, as well as the Social and Ethics report on page 38.
4	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Please refer to page 31 of this Report, as well as the Joint Chairman and CEO's report on pages 16 to 19.
5	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.	Invicta publishes an integrated annual report and annual consolidated financial statements each year, which are freely accessible on its website. The Report is reviewed by the board prior to publication. The Group's corporate governance disclosures, commentary on performance and a summary of the Group's strategy are all publicly available. The Company is further subject to the JSE Listings Requirements, which requires the publication of additional financial and non-financial information.
6	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	Please refer to the Corporate Governance Report on page 37.
7	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	Please refer to the Corporate Governance Report on page 37.
8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	For more information on board committees please refer to page 37 and to the standing committee reports, which can be found on the following pages: Social and Ethics Committee report – 38 Remuneration Committee report – 39 Audit Committee report – 2 to 4 of the annual consolidated financial statements
9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The board believes that internal evaluations are the most effective way to identify gaps and methods to improve its performance and effectiveness. Directors who serve on other boards provide insight and suggestions based on their experience and the Group company secretary further advises the board on the latest developments relevant to board performance. Executive directors are formally assessed under the supervision of the Remuneration Committee, with the results being submitted to the board.

King IV
(continued)

King IV principles		Application
10	The governing body should ensure that the appointment of, and delegation to, management, contribute to role clarity and the effective exercise of authority and responsibilities.	The board has adopted a delegation of authority document for the Group. The board is satisfied that this document contributes to role clarity and the effective exercise of authority and responsibilities. In respect of professional corporate governance services, the board is supported and advised by a full time Group company secretary. The board further has access to external professional advice where required. The board is satisfied that these arrangements are effective. While the CEO is a director of several smaller group and non-group companies, none of these commitments are significant enough to affect his role as CEO. There is no notice period for the CEO in respect of his employment. Succession planning is in place for all executives and is reviewed on an ongoing basis. The board has considered risk mitigation plans for unexpected vacancies as well as long-term development plans for identified successors.
11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Please refer to page 14 for information on the Company's risks and opportunities, as well as the risk section of the Audit Committee report on pages 3 and 4 of the annual consolidated financial statements.
12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	There are various forums used to govern and manage technology and information throughout the Group. The Information, Communication and Technology ("ICT") Committee is responsible for governance of technology and information in the organisation, while the IT departments are responsible for the management of technology and information within their respective business units. The Committee reviews and approves overall Group ICT strategy with a focus on alignment and organisational risk. Strategies are in place to enhance technology through a process of managed evolution and digital fast tracking.
13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	Management is regularly updated in respect of changes to legislation and non-binding rules in order for them to ensure compliance throughout the organisation. Key areas of focus during the reporting period included ISO surveillance and a review of occupational health and safety procedures in CEG. Over the next financial year Invicta plans to focus on understanding the compliance environment in the new jurisdictions it is entering into. There have been no material or repeated regulatory penalties for non-compliance imposed on the organisation or its directors, and there have been no significant interactions with environmental regulators.
14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	Please refer to the Remuneration Committee report on page 39.
15	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The board uses both internal and external assurance resources. The Group's internal audit department performs its duties in terms of a pre-approved and monitored plan. Their procedures are regularly reviewed to ensure that the most appropriate processes are measured to provide the board with assurance on the most relevant risks. Any deficiencies identified and the remedial actions put in place are monitored by the board and its committees.
16	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Please refer to page 31.

05

Shareholder Information

Shareholder diary

Financial year-end	Saturday, 31 March 2018
Declaration of final ordinary share dividend	Thursday, 14 June 2018
Declaration of preference share dividend	Monday, 4 June 2018
Publication of financial results for the year	Monday, 18 June 2018
Preliminary audited summarised consolidated results booklet available on website	Monday, 18 June 2018
Last day to trade to participate in preference share dividend	Tuesday, 26 June 2018
Preference shares commence trading “ex” dividend	Wednesday, 27 June 2018
Record date for preference share dividend	Friday, 29 June 2018
Integrated annual report and audited annual consolidated financial statements available on website	Friday, 29 June 2018
Preliminary audited summarised consolidated results and notice of annual general meeting booklet available on website and posted to Y indicator shareholders	Friday, 29 June 2018
Preference share dividend payment date	Monday, 2 July 2018
Last day to trade to participate in ordinary share dividend	Tuesday, 24 July 2018
Ordinary shares commence trading “ex” dividend	Wednesday, 25 July 2018
Record date for ordinary share dividend	Friday, 27 July 2018
Ordinary share dividend payment date	Monday, 30 July 2018
Annual general meeting	Thursday, 6 September 2018

Company information

Company registration number
1966/002182/06

Nature of business
Investment holding and management company

Group company secretary
Lize Dubery
PO Box 33431
Jeppestown
2043

Registered address
3rd Floor, Pepkor House
36 Stellenberg Road
Parow Industria
Cape Town
7493

Postal address
PO Box 6077
Parow East
Cape Town
7501

Head office address
3 Droste Crescent
Droste Park Ext 7
Johannesburg
2001

Head office postal address
PO Box 33431
Jeppestown
2043

Auditors
Deloitte & Touche Registered Auditors
Deloitte & Touche Place
Building 8 The Woodlands
20 Woodlands Drive
Woodmead
Sandton
2196

Private Bag X6
Gallo Manor
2052

Share transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann avenue
Rosebank
2196

PO Box 61051
Marshalltown
2107

Sponsors
Deloitte & Touche Sponsor Services Proprietary Limited
Deloitte & Touche Place
Building 8 The Woodlands
20 Woodlands Drive
Woodmead
Sandton
2196

Private Bag X6
Gallo Manor
2052

Bankers
Standard Bank of South Africa Limited
Absa Bank Limited
First National Bank (A division of FirstRand Bank Limited)
Nedbank Limited
Citibank
DBS Bank Limited
OCBC Bank
Maybank
Bank of China
Standard Chartered Bank

Attorneys
Bernadt, Vukic, Potash and Getz
10th Floor
BP Centre
Thibault Square
Cape Town
8001

PO Box 252
Cape Town
8000

Contact details
Website: www.invictaholdings.co.za
Tel: +27 21 929 4780 or +27 11 620 7300
E-mail: legal@invictaholdings.co.za

www.invictaholdings.co.za