

METTLE INVESTMENTS LIMITED

(Registration Number: 2008/002061/06)

Incorporated in the Republic of South Africa

JSE share code: MLE ISIN: ZAE000257622

("Mettle" or "the Group")

SUMMARY OF THE AUDITED CONSOLIDATED RESULTS OF THE METTLE GROUP FOR THE YEAR ENDED 28 FEBRUARY 2018

KEY INFORMATION

- Mettle unbundled from Tradehold Limited ("Tradehold") and listed on the JSE on 23 May 2018 with stated capital of R545.8 million
- Reward Investments (No. 2) Limited ("Reward") and Mettle Solar Africa Limited ("Mettle Solar Africa") acquired by Mettle from Tradehold post year-end, effective 1 March 2018, as part of a group restructure ("the Restructure")
- Financial period under review excludes assets acquired through the Restructure

BACKGROUND

For the period under review Mettle owned South African assets only. These South African based businesses hold various investments mainly in asset backed lending, asset management, financial advisory and solar power solutions.

Following the acquisition of Reward and Mettle Solar Africa post year-end, Mettle owns financial services businesses primarily in the UK and in South Africa. In the UK it has, through Reward Finance Group Limited ("Reward Finance Group"), an indirect holding of 67.5% in the three operating Reward Finance Group companies, namely Reward Capital, Reward Invoice Finance and Reward Trade Finance.

Reward and Mettle Solar Africa are not included in these financial results of the Group for the financial year ended 28 February 2018. The interim financial results of the Group for the period ending 31 August 2018 will include these two businesses for the first time. Shareholders are referred to the Tradehold integrated report released on 30 May 2018, for more information on Reward and Mettle Solar Africa (previously "Tradehold Solar Limited").

As published in the Tradehold financial results for the same period, Reward's total loan book grew 28.6% from R664.0 million to R854.2 million while turnover increased by 6.2% to R151.1 million. Net after-tax profit attributable to the shareholders of Reward Finance Group was R54.9 million (2017: R53.1 million).

More information on the Group following the Restructure is provided in the pre-listing statement published on 14 May 2018.

FINANCIAL PERFORMANCE

Mettle (excluding Reward and Mettle Solar Africa) generated revenue of R44.2 million for the financial year ended 28 February 2018 (2017: R42.9 million), an increase of 3.1%, while profit attributable to shareholders increased by 3.3% to R15.8 million (2017: R15.3 million). Mettle's net asset value was R122.8 million (2017: R107.0 million), an increase of 14.8%, with net tangible asset value increasing by 15.9% to R115.3 million (2017: R99.5 million).

SHARE ISSUES

On 14 May 2018 Mettle issued 40 192 618 ordinary shares to Tradehold in settlement of borrowings amounting to R42 000 000.

On 15 May 2018 Mettle issued 110 690 037 ordinary shares to Tradehold for a consideration of R403 206 516.

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The summarised consolidated financial statements for the year ended 28 February 2018 are prepared in accordance with the requirements of the JSE Listings Requirements for preliminary reports, and the requirements of the Companies Act, No 71 of 2008 (the "Companies Act") applicable to summarised financial statements.

The JSE Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The Group has adopted all new and amended accounting pronouncements issued by the International Accounting Standards Board that are effective for financial years commencing 1 March 2017. None of the new or amended accounting pronouncements that are effective for the financial year commencing 1 March 2017 had a material impact on the Group.

AUDIT OPINION

The consolidated annual financial statements for the year ended 28 February 2018 have been audited by BDO Cape Inc., who expressed an unmodified opinion thereon.

This summarised report is extracted from the audited annual financial statements but is not itself audited. The directors of the Group take full responsibility for the preparation of the summarised consolidated financial statements and that the financial information has been correctly extracted from the underlying audited annual consolidated financial statements.

A copy of the audited consolidated financial statements and of the auditor's report thereon are available for inspection at the Group's registered office.

The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the Group's registered office.

PREPARATION OF FINANCIAL RESULTS

The preparation of the financial results was supervised by the Group financial director, Justin Rookledge BBusSci Finance (Hons), CA (SA).

CHANGES TO BOARD AND COMPANY SECRETARY

The following changes to the Mettle board and company secretary have taken place subsequent to the end of the financial year:

IHJ Visagie	19 April 2018	Resignation
JA Aitken	19 April 2018	Resignation
WD Marais	19 April 2018	Resignation
W Maree	19 April 2018	Resignation
TM Flannery	19 April 2018	Appointment
HRW Troskie	19 April 2018	Appointment
MVZ Wentzel	19 April 2018	Appointment
BA Chelius	19 April 2018	Appointment

Mettle Corporate Finance Proprietary Limited was appointed as company secretary with effect from 19 April 2018.

FH Esterhuyse	HF Prinsloo
Chairman	CEO

31 May 2018

STATEMENT OF FINANCIAL POSITION

	Audited 28 February 2018 R	Audited 28 February 2017 R
ASSETS		
Non-current assets		
Property, plant and equipment	592 407	765 202
Goodwill	7 475 084	7 475 084
Investments in joint ventures	7 072 760	7 366 045
Investments in associates	53 122 613	43 467 369
Loans due from associates	32 389 747	55 281 188
Deferred tax asset	1 142 074	2 162 987
Financial assets at fair value through profit or loss	31 233 697	-
Loan receivables	18 285 456	35 728 461
Total non-current assets	151 313 838	152 246 336
Current assets		
Asset held for sale	-	6 300 000
Tax asset	746	4 538
Loans due from associates	8 188 730	-
Loan receivables	21 466 996	11 247 673
Trade and other receivables	35 826 847	26 935 116
Cash and cash equivalents	6 277 769	12 044 803
Total current assets	71 761 088	56 532 130
Total assets	223 074 926	208 778 466
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital and premium	100 621 766	100 621 766
Retained income	22 197 688	6 363 257
Total equity	122 819 454	106 985 023
Non-current liabilities		
Borrowings	43 756 880	16 131 236

Borrowings due to shareholders	-	68 562 990
Deferred tax liability	308 763	-
Other financial liabilities	-	4 053 044
Total non-current liabilities	44 065 643	88 747 270
Current liabilities		
Borrowings	9 461 626	7 886 601
Borrowings due to shareholders	42 000 000	-
Other financial liabilities	-	1 693 037
Taxation	81 815	25 421
Provisions	329 000	340 000
Trade and other payables	4 317 388	3 101 114
Total current liabilities	56 189 829	13 046 173
Total equity and liabilities	223 074 926	208 778 466
Net asset value per share (cents)	127.55	111.11
Tangible net asset value per share (cents)	119.79	103.34

STATEMENT OF COMPREHENSIVE INCOME

	Audited 28 February 2018 R	Audited 28 February 2017 R
Revenue	44 189 814	42 863 323
Other income	8 665 427	6 519 560
Interest expense	(6 904 839)	(2 670 464)
Operating expenses	(28 484 664)	(26 982 855)
Profit from operations	17 465 738	19 729 564
Impairment of goodwill	-	(2 414 748)
Profit from equity accounted investments	3 054 241	3 167 209
Profit before taxation	20 519 979	20 482 025
Taxation	(4 685 548)	(5 154 273)
Total comprehensive income	15 834 431	15 327 752
Attributable to:		
Equity holders of the company	15 834 431	15 327 752
Non-controlling interest	-	-
	15 834 431	15 327 752
Earnings per share (cents):		
- basic	16.44	15.92
- diluted	16.44	15.92
Dividends per share	-	-

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	(Accumulated loss)/retained income	Total
Equity at 29 February 2016	963	100 620 803	(8 964 495)	91 657 271

Total comprehensive income for the year			15 327 752	15 327 752
Equity at 28 February 2017	963	100 620 803	6 363 257	106 985 023
Total comprehensive income for the year			15 834 431	15 834 431
Equity at 28 February 2018	963	100 620 803	22 197 688	122 819 454

STATEMENT OF CASH FLOWS

			Audited 28 February 2018 R	Audited 28 February 2017 R
Cash flows from operating activities				
Profit from operations			17 465 738	17 314 816
Non-cash items			(10 550 200)	(9 923 576)
Changes in working capital			(9 242 346)	(998 840)
Cash (utilised in)/generated from operations			(2 326 808)	6 392 400
Interest received			14 805 801	4 179 949
Preference dividends received			191 593	-
Interest paid			(4 065 196)	(2 670 464)
Taxation paid			(2 908 945)	(3 570 410)
Net cash inflow from operating activities			5 696 445	4 331 475
Cash flows from investing activities				
Acquisition of property, plant and equipment			(119 075)	(849 075)
Acquisition of investment in joint venture			(4 000 000)	(3 313 001)
Additional investment in associate			(7 260 000)	-
Investment in preference shares			(24 750 000)	-
Proceeds on redemption of preference share investment			84 150	-
Purchase of financial assets at fair value through profit or loss			(30 000 970)	-
Loans repaid by/(advanced to) associates			15 215 208	(23 430 077)
Loan receivables advanced			(39 411 000)	(49 660 704)
Loan receivables recovered			46 772 354	18 335 924
Proceeds on disposal of property, plant and equipment			-	32 299
Proceeds on disposal of associate			-	819 334
Dividends and distributions received			-	6 294 808
Proceeds on disposal of asset held for sale			6 626 333	-
Net cash outflow from investing activities			(36 843 000)	(51 770 492)
Cash flow from financing activities				
Repayment of borrowings			(35 560 287)	(980 737)
Receipt of borrowings			62 000 000	9 000 000
Repayment of borrowings due to shareholder			(2 631 505)	-
Receipt of borrowings due to shareholder			1 650 000	42 582 112
Net cash inflow from financing activities			25 458 208	50 601 375

Net (decrease)/increase in cash and cash equivalents	(5 688 347)	3 162 358
Cash and cash equivalents at beginning of the year	10 610 697	7 448 339
Cash and cash equivalents at end of the year	4 922 350	10 610 697
As presented on the statement of financial position		
Cash and cash equivalents	6 277 769	12 044 803
Bank overdraft (included in current borrowings)	(1 355 419)	(1 434 106)
	4 922 350	10 610 697

SUPPLEMENTARY INFORMATION

	Audited 28 February 2018 R	Audited 28 February 2017 R
1. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Gray Swan Sanlam Collective Investments Fund of Funds unit trust investments	31 233 697	-
The unit trust investments are measured at the year-end closing price and secure the FirstRand Bank Limited borrowings (refer to note 2).		
Reconciliation		
Purchase	30 000 970	-
Fair value adjustment during the year	1 232 727	-
	31 233 697	-
2. BORROWINGS		
Non-current		
Small Enterprise Finance Agency SOC Limited	43 756 880	16 131 236
Current		
Small Enterprise Finance Agency SOC Limited	5 546 647	6 452 495
FirstRand Bank Limited	2 559 560	-
Nedbank Limited	1 355 419	1 434 106
	9 461 626	7 886 601
	53 218 506	24 017 837

The borrowings from Small Enterprise Finance Agency SOC Limited accrue interest at prime plus 1%. Interest is payable semi-annually with capital repayable in March 2020. The borrowings are secured by the Group's cash balances and loan and trade receivables of R63 884 377 (2017: R24 968 862). The R50 000 000 facility has been fully drawn down.

The facility from FirstRand Bank Limited accrues interest at prime less 1% and is

repayable by 31 August 2018. The facility is guaranteed by Tradegro Holdings Proprietary Limited (a wholly owned subsidiary of Tradehold) and secured by the Gray Swan Sanlam Collective Investments unit trust investments (refer to note 1). The total facility is R33 000 000.

The unsecured R5 000 000 (2017: R5 000 000) overdraft facility with Nedbank Limited accrues interest at prime which is settled monthly. Nedbank Limited reviews the facility annually.

3. EARNINGS PER SHARE

Basic earnings per share (cents)	16.44	15.92
Diluted earnings per share (cents)	16.44	15.92
Headline earnings per share (cents)	16.11	15.63
Diluted headline earnings per share (cents)	16.11	15.63

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company with the weighted average number of ordinary shares in issue for the year.

Profit attributable to equity holders of the company	15 834 431	15 327 752
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Weighted average number of ordinary shares during the year	96 291 720	96 291 720
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Diluted earnings per share

The Group has no dilutive potential ordinary shares.

Headline earnings per share

Headline earnings per share is calculated by dividing the headline earnings with the weighted average number of ordinary shares in issue for the year.

Profit attributable to equity holders of the company	15 834 431	15 327 752
Impairment of goodwill	-	2 414 748
Profit on disposal of associate	-	(395 193)
Profit on disposal of property, plant and equipment	-	(32 299)
Profit on asset held for sale	(326 333)	(2 267 761)
Tax impact of adjustments	-	9 044
Headline earnings	15 508 098	15 056 291

Weighted average number of ordinary shares during the year	96 291 720	96 291 720
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4. FAIR VALUE DISCLOSURES

The only financial assets measured at fair value are the financial assets at fair value through profit or loss.

These financial assets are unit trust investments measured at quoted prices (level 1).

5. SEGMENT INFORMATION

As the Group currently only has one business segment which is managed as a single pool of capital irrespective of the sector in which the Group's businesses trade, no segmental information is provided.

6. RELATED PARTY TRANSACTIONS

Related party transactions for the current year are similar to those disclosed in the Group's annual financial statements for the year ended 28 February 2017 and the interim financial information for the period ended 31 August 2017.

No new significant related party transactions have taken place.

7. EVENTS AFTER THE REPORTING DATE

Mettle settled the R42,000,000 owed to Tradehold with an issue of ordinary shares.

Tradehold subscribed for further ordinary shares in Mettle (R403,206,516) which was utilised as follows:

- subscribed for ordinary shares in Reward (a wholly owned subsidiary of Tradehold) amounting to R226,656,666;
- purchased a portion of the loan claim against Reward from Tradegro S.a.r.l. (wholly owned subsidiary of Tradehold) for R162,840,000;
- Reward capitalised the above loan claim acquired by Mettle through the issue of shares;
- purchased 55% of the ordinary shares in Mettle Solar Africa from Tradehold Africa Limited (wholly owned subsidiary of Tradehold) for R6,499; and
- purchased the loan claim against Mettle Solar Africa from Tradehold Africa Limited for R13,703,351.

As a result, the Group now owns 90% of Reward (which owns 75% of Reward Finance Group). IFRS 3 Business Combinations was not applicable as this transaction was a combination of businesses under common control.

The 55% investment in Mettle Solar Africa Limited is classified as a joint venture as the Group does not have the power to appoint the majority of directors and the relevant activities that significantly affects the Group's returns require approval of 75% of shareholders.

Cape Town
31 May 2018

Designated Advisor
Questco Corporate Advisory (Pty) Ltd