

Nictus Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 81/011858/06)  
JSE Share code: NCS NSX Share code: NCT  
ISIN Code NA0009123481  
("Nictus" or "the Company" or the "Group")

Abridged report relating to the audited financial results for the year ended 31 March 2014 and details of the notice of the annual general meeting

Condensed consolidated statement of comprehensive income for the year ended 31 March 2014

Figures in R'000	2014	2013
Continuing operations		
Revenue	48 757	40 156
Cost of sales	(20 685)	(22 228)
Gross profit	28 072	17 928
Other income	2 285	4 300
Investment income from operations	18 557	14 064
Operating and administrative expenses	(48 651)	(51 458)
Results from operating activities	263	(15 166)
Investment income	3 405	2 005
Operating profit/(loss) before financing costs	3 668	(13 161)
Finance expenses	(1)	(524)
Profit/(loss) before taxation	3 667	(13 685)
Taxation expense	(653)	(33)
Profit/(loss) from continuing operations	3 014	(13 718)
Discontinued operations		
Loss from discontinued operations, net of tax	-	(1 411)
Profit/(loss) for the year	3 014	(15 129)
Other comprehensive income for the year	263	-
Items that will never be reclassified to profit or loss		
Deferred taxation related to other comprehensive income	263	-
Total comprehensive income for the year	3 277	(15 129)
Profit/(loss) attributable to:		
Owners of the Company	3 014	(15 129)
Total comprehensive income attributable to:		
Owners of the company	3 277	(15 129)
Earnings per share		
Earnings/(loss) per share (cents)	4,55	(22,92)
Diluted earnings/(loss) per share (cents)	4,55	(22,92)
Weighted average number of shares in issue (000's)	66 270	59 839

Condensed consolidated statement of financial position  
as at 31 March 2014

Figures in R'000	2014	2013
<b>Assets</b>		
Non-current assets		
Property, plant and equipment	16 997	17 681
Intangible assets	573	-
Investments	32 883	26 058
Loans and receivables	5 723	10 944
Deferred tax assets	2 460	3 124
Current assets	375 073	276 202
<b>Total assets</b>	<b>433 709</b>	<b>334 009</b>
<b>Equity and liabilities</b>		
Equity		
Stated capital	48 668	48 668
Revaluation reserve	8 170	5 905
Retained earnings	24 753	21 476
Liabilities		
Non-current liabilities		
Deferred tax liabilities	2 506	5 045
Current liabilities*		
Insurance contract liability	338 920	244 698
Other current liabilities	10 692	8 217
<b>Total equity and liabilities</b>	<b>433 709</b>	<b>334 009</b>

Included in current liabilities is the insurance contract liability. Premiums received under this liability are invested in terms of the Insurance Act with the result that certain investments are of a long-term nature.

Condensed consolidated statement of cash flows for the year  
ended 31 March 2014

Figures in R'000	2014	2013
Cash flow from operating activities		
Cash generated from/(utilised by) operations	70 647	(227 387)
Investment income from operations received	17 233	12 902
Finance expenses paid	(1)	(524)
Dividends received	1 324	1 162
Taxation paid	-	(401)
<b>Net cash flow from operating activities</b>	<b>89 203</b>	<b>(214 248)</b>
Net cash flow utilised by investing activities		
	(17 375)	(160)
Net cash generated by financing activities		
	-	37 032
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>71 828</b>	<b>(177 376)</b>
Cash and cash equivalents at beginning of year		
	120 458	297 834
<b>Cash and cash equivalents at end of year</b>	<b>192 286</b>	<b>120 458</b>

Condensed consolidated statement of changes in equity for the year ended 31 March 2014

Figures in R'000	Share capital	Stated capital	Revaluation reserve	Contingency reserve	Total non-distributable reserves	Retained earnings	Total equity
Balance at 1 April 2012	26 722	-	53 918	9 196	63 114	78 731	168 567
Total comprehensive income for the year							
Loss for the year - continuing operations	-	-	-	-	-	(13 718)	(13 718)
- discontinued operations	-	-	-	-	-	(1 411)	(1 411)
Total comprehensive income for the year	-	-	-	-	-	(15 129)	(15 129)
Transactions with owners of the Group, recognised directly in equity							
Contributions by and distributions to the owners of the Group							
Issue of new ordinary shares	-	21 946	-	-	-	-	21 946
Conversion of shares	(26 722)	26 722	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	(7 616)	(7 616)
Distribution to shareholders	-	-	-	-	-	(91 719)	(91 719)
Total contributions by and distributions to the owners of the Group	(26 722)	48 668	-	-	-	(99 335)	(77 389)
Transfers to retained earnings							
Transfer from reserves on distribution to shareholders	-	-	(46 243)	(7 090)	(53 333)	53 333	-
Transfer from revaluation reserve on distributions to shareholders	-	-	(1 770)	-	(1 770)	1 770	-
Transfer from contingency reserve on distribution to shareholders	-	-	-	(2 106)	(2 106)	2 106	-
Total transfers to retained earnings	-	-	(48 013)	(9 196)	(57 209)	57 209	-

Balance at							
31 March 2013	-	48 668	5 905	-	5 905	21 476	76 049
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	3 014	3 014
Taxation adjustments to revaluation of properties	-	-	-	-	-	263	263
Total comprehensive income for the year	-	-	-	-	-	3 277	3 277
Transfers to reserves							
Adjustments to revaluation reserve	-	-	2 265	-	2 265	-	2 265
Balance at							
31 March 2014	-	48 668	8 170	-	8 170	24 753	81 591

Condensed segmental report for the year ended  
31 March 2014

Figures in R'000	2014	2013
Segment assets		
Furniture retail	50 429	53 627
Insurance and finance	413 126	304 684
Head office and eliminations	(29 846)	(24 302)
Total assets	433 709	334 009
Segment revenue		
Furniture retail	36 367	37 887
Furniture inter-segmental revenue	1 206	964
Total furniture revenue	36 573	38 851
Insurance and finance	13 442	2 980
Insurance and finance inter-segmental revenue	18	20
Total Insurance and finance revenue	13 460	3 000
Head office and eliminations	(1 276)	(1 695)
Total revenue	48 757	40 156
Profit/(loss) after taxation from continuing operations		
Furniture retail	(806)	(12 265)
Insurance and finance	5 040	2 833
Head office and eliminations	(1 220)	(4 286)
Total profit/(loss)after taxation	3 014	(13 718)

Accounting policies

Basis of preparation

The summary consolidated annual financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require provisional 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 financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The new standards and interpretations adopted during the period under review had no material impact on the Group.

#### Related parties

The Company has related party relationships with its subsidiaries, fellow subsidiaries, associates and with its directors and executive officers.

Reconciliation between earnings and headline earnings for the year ended 31 March 2014

Figures in R'000	2014	2013
Continued operations		
Profit/(loss) for the year, net of taxation	3 014	(13 718)
Profit on disposal of property, plant and equipment	(12)	(2)
Headline earnings/(loss)	3 002	(13 720)
Headline earnings/(loss) per share (cents)	4,53	(22,93)
Diluted headline earnings/(loss) per share (cents)	4,53	(22,93)
Discontinued operations		
Loss for the year, net of taxation	-	(1 411)
Profit on disposal of property, plant and equipment	-	(84)
Headline loss	-	(1 495)
Headline loss per share (cents)	-	(2,50)
Diluted headline loss per share (cents)	-	(2,50)

#### Responsibility for consolidated annual financial statements

The consolidated financial statements for the year ended 31 March 2014 ("Audited Financial Statements") have been audited by KPMG Inc., and their unqualified audit opinion is available for inspection at the registered office of the Company.

This Abridged Financial Information has been extracted from the Audited Financial Statements, but is not itself audited. The directors of Nictus are solely responsible for the preparation of the Abridged Financial Information and for its correct extraction from the underlying Audited Financial Statements.

#### Subsequent events

No events subsequent to year end occurred that had a material effect on the 31 March 2014 results.

#### Chairman's report - BJ Willemse - Nictus Group

The unbundling of the Nictus Group into two separate listed entities has resulted in the benefits as envisaged, albeit with concerted efforts of board of directors ("Board") and management.

The major structural effect thereof is the separation of geographical listed holding companies, being the unbundled Nictus Holdings Limited in Namibia, listed on the Namibian Stock Exchange (NSX) and the remaining South African Nictus Limited, doing business in South Africa and listed on the JSE with a secondary listing on the NSX. Nictus Limited can report a huge turnaround in financial results for

2014, compared to 2013, whilst shareholders who retained their shares in Nictus Holdings in Namibia have also experienced a strong profit growth and an increase in asset value.

The Board is of the opinion that Nictus Limited business has stabilised and the new management team is now focused on the sustainable profitability of the Group into the future.

At operational level new strategic business plans have been developed for the next five years and the Board and management have a clear vision of the goals and the growth path ahead. Returning to profitability, the objective is to keep profits sustainable and also to focus on creating and capitalising on new growth opportunities. Using the JSE listing to grow the business remains a strategic objective.

The furniture business has shown a turnaround after the closing of the loss-making store in Soweto, which was the target of a criminal syndicate during 2012. Business growth, expansion into new markets and increased client base will be the main areas enjoying attention in the action plans. The core business remains the selling of high quality furniture to the mid- to high-income groups, with a profit drive from trading and not in providing credit. Credit criteria remain conservative and impairments are well below the industry average.

Corporate Guarantee (South Africa) Limited ("Corporate Guarantee"), the insurance segment, consolidated its management and administration and has shown strong growth during the year, achieving its best results ever. Assets under management have grown by more than 34% to R404 million. Given the nature of the Alternative Risk Transfer product and the selection of risk educated clients, the business remains profitable and is managed well within the regulatory framework. The regulator is evaluating a new legislative framework for the insurance industry, a process in which Corporate Guarantee is intimately involved, and we are monitoring the new regulations and their possible impacts when it will be implemented by 2016 (current target date). The business is well capitalised and current indications are that the business model will continue to operate well within the new envisaged regulatory framework. Growth was exceptional and the business continues to expand into new geographical areas. Risks are evaluated and monitored by a dedicated risk committee, while the Group audit committee oversees the capital management of the insurance segment.

Investment management has been a prominent focus point over the past year and the results are evident in increased profitability, well within the risk appetite of the business. Risk appetite remains conservative and assets are managed with due diligence and according to asset classes defined and prescribed by statute.

We envisage a continuing growth for the 2015 year and improved profitability, despite evidence of an economic downturn in South Africa. This is a result of an increase in management focus and a new talent pool that has been recruited, while control and oversight functions have also been improved.

During the past year Wicus Olivier has stepped down as a non-executive director after more than thirty years of service to shareholders. We thank him for the valuable contribution that he has made during difficult times in the long history of the Group. With the aid of his input strong foundations have been laid for future growth to build on.

Gerard Swart joined the board as an independent non-executive director and we look forward to his contribution to the growth and oversight of the Company as well as his wealth of financial management expertise.

Wilmar Fourie stepped down as financial director in April 2014 and is currently focusing on the growth opportunities of Nictus Holdings Limited in Namibia.

In April 2014 Frank Theart was appointed financial director of the Company and we have full confidence in his abilities, since he has been with the Group for a number of years. His role will also encompass the assurance of sound financial reporting, therein working closely with our auditors, and will play a valuable part in the financial oversight of the Company.

A special word of appreciation to the managing director, Nico Tromp, for his patience in building a sustainable business and in accumulating the necessary expertise within the Group and his vision of the future growth of the business.

I want to thank all personnel for their dedication and loyalty to the Group in delivering exceptional and sustainable results to all stakeholders.

Group managing director's report - NC Tromp - Nictus Group

The unbundling of the Namibian operations from the South African operations has been successfully concluded. The effective management of the Group has been established in South Africa, and is based in the Randburg head office. The result from a more focused approach by the board and management is that costs were eliminated and activities consolidated, which resulted in efficiencies that are evident in the financial results for the year.

#### Overview

Management strive to yield a sustainable above average return for all stakeholders of the Group over the medium to longer term.

The main focus of activities is presently in Gauteng and the Cape provinces where the management expertise footprints are situated. The business model is based on efficiently raising the income and assets of the Group to optimise the return on assets.

#### Segmental performance

Nictus continues to implement its vision of being an independent and diversified investment holding company.

Investments in the short-term insurance and furniture retail sectors remain the key focus areas for the implementation of this vision.

#### Furniture retail

I am satisfied with the turnaround strategy that was implemented in the furniture segment that showed a decrease in the reported loss of R11,4 million in the prior year. However it has to be noted that this is a long-term strategy in line with the Group strategy of creating sustainable returns. This strategy has as foundation, the increase in throughput in the current branches. The owned Randburg premises was upgraded to optimise the retail and office space.

#### Insurance and Finance

The segment has experienced a positive acceptance of our alternative risk transfer model in the market. The customer base has expanded to satisfactory levels and the indication is that further expansion can be expected. The unique innovative risk management solutions that the product provides are supported by the sound relationships that our marketing team has with our clients.

The segment is establishing itself firmly as a profit centre; with sustainable growth being the key focus point of management.

I am satisfied with the asset growth in the segment (36%) as well as the consistent increase in profit (78%).

## Corporate governance

Nictus is committed to the highest standard of corporate governance. In our opinion, good corporate governance cannot be dictated only by set rules and regulations, but must be driven by the moral convictions of the persons implementing them.

The Group endorses the King III Code of Governance Principles, the International Financial Reporting Standards (IFRS) and integrated reporting, whilst it complies with the Companies Act, 2008 and the JSE Listings Requirements.

We further acknowledge our responsibility to ensure that business within the Group is conducted with transparency, prudence, justice, accountability and integrity.

## Outlook

The restructuring of the Group, together with the further development of effective management based in South Africa, will take at least another year to fully reap the expected benefits aimed to be achieved.

I firmly believe that this restructuring has paved the way for the Group to build on and to flourish in the years to come.

Concerning the insurance segment, the implementation date of the proposed changes in the Solvency Assessment and Management framework (SAM) has been postponed for another year until

January 2016. The interim measures for the insurance industry which have been set in place, already put the profitability of this segment under pressure due to the additional capital adequacy requirements, and will continue to do so. Despite this, the expectation is that the segment will continue to grow profitably.

Our expectation is that the furniture segment should show good signs of recovery following the further development of effective management and further implementation of the turnaround plan. With basically no growth in the South African economy the furniture industry is also under pressure because of the upwards trend experienced in the interest rate.

## Appreciation

I would like to express my gratitude for the dedication and contribution of our Board, managers and staff, for their support and commitment towards and the belief in the chosen strategic direction of the Group.

A special word of appreciation goes out to Wicus Olivier, long serving independent non-executive director of Nictus Limited and Corporate Guarantee, who retired during the past financial year, for his services to the Group over the years.

On behalf of the Group, I would like to reaffirm our commitment to serving our customers and would like to thank them, together with all our stakeholders, for their continued loyalty and support.

## Integrated report and notice of annual general meeting

As the summary annual financial statements for the year ended 31 March 2014 ("the Summary Financial Statements") is to be posted to Nictus shareholders within 3 months of Nictus' financial year end, this announcement is not required to appear in the press and will not be sent to Nictus shareholders.

The Integrated Report contains a notice convening the annual general meeting of Nictus shareholders for the year ended 31 March 2014 ("the AGM"). The AGM will be held in the boardroom at the Nictus Building, corner of Pretoria and Dover Street, Randburg, Gauteng on Thursday 21st of August 2014 at 12h00.

The Board has determined that the record date in terms of section 59(1) of the Companies Act, of South Africa for the purpose of



determining which shareholders of the Company are entitled to receive notice of the AGM is Friday, 20 June 2014 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Friday, 8 August 2014. Accordingly, only Nictus shareholders who are registered in the register of members of the Company on Friday, 8 August 2014 will be entitled to participate in and vote at the AGM. Accordingly, the last day to trade in order to be eligible to participate in and vote at the AGM will be Friday, 1 August 2014. The notice of AGM and the summary annual financial statements, are to be posted to Nictus shareholders on Monday, 30 June 2014. The integrated report is available on the website [www.nictuslimited.co.za](http://www.nictuslimited.co.za).

B J Willemse  
Chairman  
30 June 2014

Sponsor on the JSE: KPMG Services Proprietary Limited  
Sponsor on the NSX: Simonis Storm Securities (Pty) Ltd  
(Member of the NSX)

Registered office of the Company  
Head office  
1st Floor, Nictus Building  
Corner of Pretoria and Dover Street, Randburg  
PO Box 2878, Randburg 2125  
Windhoek office  
Veritas Board of Executors Proprietary Limited  
3rd floor, Corporate House  
17 Lüderitz Street, Windhoek  
Private Bag 13231, Windhoek

Company secretary  
Veritas Board of Executors Proprietary Limited  
(Registration number 1984/007487/07)  
1st Floor, Nictus Building  
Corner of Pretoria and Dover Street, Randburg  
PO Box 2878, Randburg 2125

Auditors  
KPMG Inc.  
(Registration number 1999/021543/21)  
KPMG Crescent  
85 Empire Road, Parktown 2193  
Private Bag 9, Parktown 2122