

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

Abridged report relating to the audited financial results for the year ended 31 March 2017 and details of the notice of the annual general meeting

Abridged consolidated statement of financial position  
at 31 March 2017

Figures in R'000	2017	2016
<b>Assets</b>		
Property, plant and equipment	17 629	17 230
Intangible assets	101	355
Investments	22 062	39 841
Deferred tax assets	1 424	1 145
Loans and receivables	3 668	4 768
Non-current assets	44 884	63 339
Inventories	11 284	11 185
Loans and receivables	44 766	46 468
Trade and other receivables	335 484	254 464
Investments	100 766	22 988
Cash and cash equivalents	57 603	118 112
Current assets	549 903	453 217
Total assets	594 787	516 556
<b>Equity and liabilities</b>		
Stated capital	48 668	48 668
Revaluation reserve	7 983	7 983
Retained earnings	42 652	37 749
Equity	99 303	94 400
<b>Liabilities</b>		
Deferred tax liabilities	2 398	2 602
Non-current liabilities	2 398	2 602
Trade and other payables	10 837	7 610
Insurance contract liability	482 180	411 944
Current tax payable	69	-
Current liabilities	493 086	419 554
Total liabilities	495 484	422 156
Total equity and liabilities	594 787	516 556

Abridged consolidated statement of profit or loss and other comprehensive income  
for the year ended 31 March 2017

Figures in R'000	2017	2016
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Revenue	44 651	51 062
Cost of sales	(21 628)	(20 621)
Gross profit	23 023	30 441
Other income	2 117	4 062
Investment income from operations	37 884	30 699
Operating expenses	(43 991)	(40 626)
Administrative expenses	(16 805)	(19 146)
Results from operating activities	2 228	5 430
Investment income	4 841	3 869
Profit before taxation	7 069	9 299
Taxation expense	(178)	(1 312)
Profit for the year	6 891	7 987
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Tax related to property valuation - capital gains tax rate change	-	(187)
Total comprehensive income for the year	6 891	7 800
Profit attributable to:		
Owners of the parent	6 891	7 987
Total comprehensive income attributable to:		
Owners of the parent	6 891	7 800
Basic earnings per share (cents)	10,40	12,05
Diluted basic earnings per share (cents)	10,40	12,05

Abridged consolidated statement of cash flows  
for the year ended 31 March 2017

Figures in R'000	2017	2016
Cash flows from operating activities		
Cash utilised by operations	(41 680)	(75 909)
Investment income received from operations	36 728	29 264
Dividends received	1 156	1 435
Dividends paid	(1 988)	(1 988)
Tax paid	(592)	-
Net cash utilised by operating activities	(6 376)	(47 198)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(965)	(336)
Proceeds on sale of property, plant and equipment	115	104
Acquisition of intangible assets	-	(22)
Proceeds from disposal of investments	17 949	1 873
Investment income received	4 841	3 869
Short-term funds (invested)/disinvested	(77 778)	108 893

Loans repaid by/(advanced to) related parties	1 702	(7 187)
Proceeds on disposal of subsidiary	7	-
Net cash (utilised by)/generated from investing activities	(54 129)	107 194
Total cash movement for the year	(60 505)	59 996
Total cash sold by subsidiary for the year	(4)	-
Cash and cash equivalents at the beginning of the year	118 112	58 116
Total cash and cash equivalents at the end of the year	57 603	118 112

Abridged consolidated statement of changes in equity  
for the year ended 31 March 2017

Figures in R'000	Stated capital	Re-valuation reserve	Retained earnings	Total equity
Balance at 1 April 2015	48 668	8 170	31 577	88 415
Total comprehensive income for the year				
Profit for the year	-	-	7 987	7 987
Other comprehensive income				
Deferred tax on property revaluations				
- capital gains tax rate change	-	(187)	-	(187)
Total comprehensive income for the year	-	(187)	7 987	7 800
Transactions with the owners of the company				
Distributions to the owners of the company				
Dividends paid	-	-	(1 988)	(1 988)
Prescribed dividends	-	-	173	173
Total transactions with the owners of the company	-	-	(1 815)	(1 815)
Balance at 31 March 2016	48 668	7 983	37 749	94 400
Total comprehensive income for the year				
Profit for the year	-	-	6 891	6 891
Total comprehensive income for the year	-	-	6 891	6 891
Transactions with the owners of the company				
Distributions to the owners of the company				
Dividends paid	-	-	(1 988)	(1 988)

Total transactions with the owners of the company	-	-	(1 988)	(1 988)
Balance at 31 March 2017	48 668	7 983	42 652	99 303

Abridged segmental report for the year ended 31 March 2017

Figures in R'000	2017	2016
Segment assets		
Furniture retail	62 793	63 679
Insurance and finance	563 378	486 431
Sub-total	626 171	550 110
Head office and eliminations	(31 384)	(33 554)
Total segment assets	594 787	516 556
Segment revenue		
Furniture retail	36 712	36 564
Insurance and finance	9 416	15 918
Sub-total	46 128	52 482
Head office and eliminations	(1 477)	(1 420)
Total segment revenue	44 651	51 062
Net (loss)/profit for the year		
Furniture retail	(1 156)	820
Insurance and finance	2 127	3 627
Sub-total	971	4 447
Head office and eliminations	5 920	3 540
Total net profit for the year	6 891	7 987

Accounting policies

Basis of preparation

The abridged consolidated financial statements for the year ended 31 March 2017 ("Abridged Financial Statements") are prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements ("Listings Requirements") for abridged reports, and the requirements of the Companies Act of South Africa ("Companies Act") applicable to Abridged Financial Statements.

The Abridged Financial Statements are 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. This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. The accounting policies applied in the preparation of the consolidated financial statements, from which the Abridged Financial Statements were derived, are in terms of International Financial Reporting

Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements.

Mr Eckhart H Prozesky (financial director, CA (SA)) was responsible for supervising the preparation of the Abridged Financial Statements.

The full Abridged Consolidated Financial Statements are available on our website, at our registered office and upon request.

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

#### Related parties

During the period, certain companies within the Group entered into transactions with each other. These intra-Group transactions have been eliminated on consolidation. Related party information is unchanged from that reported at 31 March 2017. Refer to the consolidated financial statements for the year ended 31 March 2017 ("Audited Financial Statements") for further information.

#### Reconciliation between earnings and headline earnings for the year ended 31 March 2017

Figures in R'000	Profit on ordinary activities	Taxation	Net profit
2017			
Profit for the year	7 069	(178)	6 891
Adjustments for:			
Profit on disposal of property, plant and equipment	(24)	7	(17)
Profit on disposal of subsidiary	(3)	1	(2)
Loss on scrapping of property, plant and equipment	69	(19)	50
Headline earnings	7 111	(189)	6 922
2016			
Profit for the year	9 299	(1 312)	7 987
Adjustments for:			
Profit on disposal of property, plant and equipment	(18)	5	(13)
Headline earnings	9 281	(1 307)	7 974

	2017	2016
Headline earnings per share (cents)	10,45	12,03

Diluted headline earnings per share (cents) 10,45 12,03

#### Responsibility for Audited Financial Statements

The 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. The auditor's opinion does not necessarily report on all of the information contained in this Abridged Financial Statements 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 opinion together with the accompanying Audited Financial Statements from the issuer's registered office or website.

This Abridged Financial Statements 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 Statements and for its correct extraction from the underlying Audited Financial Statements.

#### Events after reporting date

There were no events after the reporting date and up to the date of approval of the Audited Financial Statements that affected the presentation of the Audited Financial Statements for the year ended 31 March 2017, other than that a dividend of 3,00 cents per share was declared by the directors subsequent to year end, payable to shareholders registered on 21 July 2017. A separate announcement will follow containing details of the dividend.

#### Chairman's report - Prof BJ Willemse

Given a strong capital base and sufficient cash, we continue to carefully evaluate new business opportunities to grow the business further and to continue to deliver value to our stakeholders while doing business on an ethical basis. I wish to thank the managing director and all staff for their loyalty and ethical way of doing business.

We are grateful that Nictus continued to be profitable, while the macro economy is in a declining growth phase and with an outlook of no growth for 2017/18.

The international credit ratings downgrade that followed Mr Zuma's cabinet reshuffle at the end of March was the first step in the reversing of expectations. The outlook for interest rates has changed from slowly declining into 2017 and 2018, towards a potential increase by 0,5-1 percentage points during the next year. This follows the new outlook of a slow increase in inflation, as the Rand exchange rate started to reverse the strengthening trend into a weakening trend. A number of economic indicators from car sales to business confidence indexes turned

sharply into negative territory during April 2017 with little improvement, if any, in sight.

The next business year will be tough for most businesses in South Africa and maintaining profitability and the required return on capital will remain a challenge.

As reported last year, the Group went through some changes, and with the new managing director and new management team we are confident that the Group will remain profitable for the following reasons: Clear strategies have been developed to continue to grow the business within the limits of available resources and risk appetite; and new business opportunities have been identified and are being pursued that will increase the basis of growth and profits into the future for the investments in the furniture and insurance segments. Further investments in technology are also in progress, that will improve the operating environment of the Group.

Continuous delays in implementing the new insurance bill results in increases in cost. Regulatory requirements need to be met from the current Act as well as the new proposed bill and regulations. However, Corporate Guarantee (South Africa) Limited is well placed to meet the requirements of the new bill. Developing a more flexible product offering and expanding the areas of business resulted in new growth opportunities, but also diversifying concentration risks. A subcommittee of the board oversees the investments of the funds, with renewed focus on margins and low risk investments, within the prescriptions of the Act.

The furniture sector in South Africa remains under pressure, a result of tightening in credit and as disposable incomes slow down. Nictus Meubels Proprietary Limited has a very good record on credit scorecard applications in selecting creditworthy clients. Bad debts remain well below the industry average and we are confident that the trade receivables impairment allowance is adequate and we will remain cautious, given the expected economic environment.

I want to thank my fellow board members for continuous support and dedication in fulfilling our duties as directors. In this regard, we have also decided to continue to strive to meet the guidelines of good corporate governance, as proposed by King IV, in the continuous building of the company for the benefit of all stakeholders.

Group managing director's report - GRdV Tromp

The past year was challenging given the volatile economic and political environments. It gives me pleasure to report, however, that thanks to our committed employees, valued stakeholders and solid governance structures, the Group still achieved satisfactory results. We are proud that, despite these difficult circumstances

and a result showing reduced turnover and profitability, we can report an increase of 15% growth in Group assets.

During the past year, long-term strategies were formulated across the Group and we are excited about putting these strategies into practice. I believe that the conditions for conducting business in the coming financial year will remain challenging, but I am confident that we will maintain profitability whilst expanding our asset base throughout South Africa.

#### Segmental performance

The segments performed satisfactorily during the year. Nictus has increased its focus and drive towards establishing various functions across the Group to enhance synergies and promote efficiency and effectiveness. Our vision of being an independent and diversified investment holding company whilst creating wealth for all stakeholders remains the primary focus area.

#### Furniture segment

The furniture segment experienced a tough year and while major competitors closed down, the industry still remained resilient to the changes and consequences of these closures. We believe that many opportunities have arisen as a result and we have developed long-term strategies to increase the current offering and to expand the range of our products. Technological development remains a primary tool to ensure sustainability.

#### Insurance and finance segment

The insurance segment performed well during the year despite being exposed to political changes and economic challenges that resulted in changes in rates of return. Net written premiums increased during the past year and we are confident in our ability to maintain this trend for sustainable growth. Exceptional focus is placed on customer service and continuing development of structures that will convert risk to sustainable wealth.

#### Corporate governance

Nictus remains committed to the highest standards of corporate governance. Our commitment extends to employing employees with high levels of integrity and qualifications who assist in a continuous enhancement of the internal control environment. The implementation of King IV will be addressed during the year ahead and we look forward to seeing the results of this process. Although we are in a changing regulatory environment, especially in the insurance industry, we remain committed to conforming to all rules and regulations we are exposed to across the Group.

#### Outlook

Nictus remains a proud South African corporate citizen with long-term strategies to continue on this path and to contribute to the success of the country. These strategies will be implemented and should start to reap benefits within the next three years. We believe that the Group has an exceptional value offering for its



customers and clients and we look forward to capturing these synergies for the benefit of all policyholders, stakeholders and shareholders.

#### Appreciation

I would like to thank the chairman and the members of the board for their vision and exceptional support, as well as management and staff for their unconditional commitment and shared vision in building this Group and assisting in taking it to the next level.

I thank my family for their endless support and ultimately, I thank God for blessing the Group, guiding and protecting its employees and their families, and embracing us with endless grace.

#### Integrated report and notice of annual general meeting

The Integrated Report contains a notice convening the annual general meeting of Nictus shareholders for the year ended 31 March 2017 ("the AGM"). The AGM will be held in the boardroom at the Nictus Building, corner of Pretoria and Dover Street, Randburg, Gauteng on Thursday, 17 August 2017 at 12h00.

The notice of AGM and the summarised version of the Audited Financial Statements, are to be posted to Nictus shareholders on Friday, 30 June 2017. The integrated report is available on the website [www.nictuslimited.co.za](http://www.nictuslimited.co.za).

BJ Willemse  
Chairman  
30 June 2017

Sponsor on the JSE:  
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