

Nictus Limited
 (Nictus or the company)
 (Incorporated in the Republic of South Africa)
 Registration number RSA: 81/011858/06
 Registration number NAM: 781/11858
 JSE Share code: NCS
 ISIN number: NA0009123481

www.nictuslimited.co.za

Condensed consolidated interim financial statements
 for the six months ended 30 September 2017

Condensed consolidated statement of financial position
 at 30 September 2017

	Unaudited 30 Sept 2017	Unaudited 30 Sept 2016	Audited 31 March 2017
Figures in R'000			
Assets			
Non-current assets			
Property, plant and equipment	17 411	17 458	17 629
Intangible assets	153	228	101
Investments	35 734	25 210	22 062
Deferred tax assets	2 307	2 616	1 424
Loans and receivables	4 279	3 382	3 668
	59 884	48 894	44 884
Current assets	570 009	500 923	549 903
Total assets	629 893	549 817	594 787
Equity and liabilities			
Equity			
Stated capital	48 668	48 668	48 668
Revaluation reserve	7 983	7 983	7 983
Retained earnings	44 192	37 949	42 652
	100 843	94 600	99 303
Liabilities			
Non-current liabilities			
Deferred tax liabilities	2 371	2 475	2 398
	2 371	2 475	2 398
Current liabilities	526 679	452 742	493 086
Total liabilities	529 050	455 217	495 484
Total equity and liabilities	629 893	549 817	594 787

Condensed consolidated statement of profit or loss and other
 comprehensive income
 for the six months ended 30 September 2017

	Unaudited Six months ended 30 Sept 2017	Unaudited Six months ended 30 Sept 2016	Audited Year ended 31 March 2017
Figures in R'000			

Revenue	22 395	21 364	44 651
Cost of sales	(11 756)	(9 067)	(21 628)
Gross profit	10 639	12 297	23 023
Other income	1 156	1 012	2 117
Investment income from operations	23 007	17 637	37 884
Operating and administrative expenses	(32 952)	(30 460)	(60 796)
Results from operating activities	1 850	486	2 228
Investment income	2 239	2 613	4 841
Profit before taxation	4 089	3 099	7 069
Taxation expense	(561)	(911)	(178)
Profit for the period	3 528	2 188	6 891
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	3 528	2 188	6 891
Profit attributable to:			
Owners of the parent	3 528	2 188	6 891
	3 528	2 188	6 891
Total comprehensive income attributable to:			
Owners of the parent	3 528	2 188	6 891
	3 528	2 188	6 891
Basic earnings per share (cents)	5,32	3,30	10,40
Diluted basic earnings per share (cents)	5,32	3,30	10,40
Weighted average number of shares in issue (000s)	66 270	66 270	66 270

Condensed consolidated statement of cash flows
for the six months ended 30 September 2017

	Unaudited Six months ended 30 Sept 2017	Unaudited Six months ended 30 Sept 2016	Audited Year ended 31 March 2017
Figures in R'000			
Cash flows from operating activities			
Cash utilised by operations (note 7)	(3 642)	(27 920)	(41 680)
Investment income received from operations	21 332	16 975	36 728
Dividends received	756	662	1 156
Dividends paid	(1 988)	(1 988)	(1 988)
Tax paid	(250)	-	(592)
Net cash generated from/(utilised by) operating activities	16 208	(12 271)	(6 376)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(13)	(415)	(965)
Proceeds on sale of property, plant	-	10	115

and equipment			
Acquisition of intangible assets	(145)	-	-
Proceeds from disposal of investments	-	14 484	17 949
Acquisition of investments	(12 753)	-	-
Investment income received	2 239	2 613	4 841
Short-term funds disinvested/(invested)	2 142	(54 856)	(77 778)
Loans repaid by related parties	1 374	8 555	1 702
Loans repaid by third parties	-	1 386	-
Proceeds on disposal of subsidiary	-	-	7
Net cash utilised by investing activities	(7 156)	(28 223)	(54 129)
Total cash movement for the period	9 052	(40 494)	(60 505)
Total cash sold by subsidiary for the period	-	-	(4)
Cash and cash equivalents at the beginning of the period	57 603	118 112	118 112
Total cash and cash equivalents at the end of the period	66 655	77 618	57 603

Condensed consolidated statement of changes in equity
for the six months ended 30 September 2017

Figures in R'000	Share capital	Revaluation reserve	Retained earnings	Total equity
Balance at 31 March 2016	48 668	7 983	37 749	94 400
Total comprehensive income for the period				
Profit for the period	-	-	2 188	2 188
Total comprehensive income for the period	-	-	2 188	2 188
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 30 September 2016	48 668	7 983	37 949	94 600
Total comprehensive income for the period				
Profit for the period	-	-	4 703	4 703
Total comprehensive income for the period	-	-	4 703	4 703
Balance at 31 March 2017	48 668	7 983	42 652	99 303
Total comprehensive income for the period				
Profit for the period	-	-	3 528	3 528
Total comprehensive	-	-	3 528	3 528

income for the period				
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 30 September 2017	48 668	7 983	44 192	100 843

Condensed segmental report
for the six months ended 30 September 2017

Figures in R'000	Unaudited Six months ended 30 Sept 2017	Unaudited Six months ended 30 Sept 2016	Audited Year ended 31 March 2017
Segment assets			
Furniture retail	64 945	64 346	62 793
Insurance and finance	598 035	522 998	563 378
	662 980	587 344	626 171
Head office and eliminations	(33 087)	(37 527)	(31 384)
	629 893	549 817	594 787
Segment revenue			
Furniture retail	20 006	16 101	36 712
Insurance and finance	3 099	6 167	9 416
	23 105	22 268	46 128
Head office and eliminations	(710)	(904)	(1 477)
	22 395	21 364	44 651
Segment profit/(loss) for the period			
Furniture retail	548	(1 204)	(1 156)
Insurance and finance	2 004	2 783	2 127
	2 552	1 579	971
Head office and eliminations	976	609	5 920
	3 528	2 188	6 891

Reconciliation between earnings and headline earnings
for the six months ended 30 September 2017

Figures in R'000	Profit on ordinary activities	Taxation	Net profit
Unaudited - Six months ended 30 September 2017			
Profit for the period	4 089	(561)	3 528
Adjustments for:			
Loss on disposal of property, plant and equipment	6	(2)	4

Headline earnings	4 095	(563)	3 532
Headline earnings per share (cents)	5,33		
Diluted headline earnings per share (cents)	5,33		
Unaudited - Six months ended 30 September 2016			
Profit for the period	3 099	(911)	2 188
Adjustments for:			
Profit on disposal of property, plant and equipment	(10)	3	(7)
Headline earnings	3 089	(908)	2 181
Headline earnings per share (cents)	3,29		
Diluted headline earnings per share (cents)	3,29		
Audited - Year ended 31 March 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
Headline earnings per share (cents)	10,45		
Diluted headline earnings per share (cents)	10,45		

Notes to the financial information
for the six months ended 30 September 2017

1. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) are prepared in accordance with International Financial Reporting Standards, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements.

The interim financial statements are presented in thousands of South African Rand (R'000s) on the historical cost basis, except held-for-trading investments which are measured at fair value and land and buildings held for administrative purposes which are measured at revalued amounts.

The interim financial statements for the period ended 30 September 2017, together with the statements regarding the prospects of the group, have not been audited by the group's auditors.

The interim financial statements as reported herein have been prepared by the group financial director of Nictus Limited, Eckhart H Prozesky CA(SA).

2. Directors' responsibility

The directors take full responsibility for the preparation of the interim financial statements.

3. 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 parties are unchanged from that reported at 31 March 2017. Refer to the 2017 audited financial statements for further information, accessible on the Nictus website.

4. Events after reporting date

There were no events after the reporting date and up to the date of approval of these interim financial statements that affected the presentation of the interim financial statements for the period ended 30 September 2017.

5. Changes to the board

Gerard Swart, John D Mandy and Philippus J de W Tromp were re-elected as directors of Nictus Limited at the annual general meeting on 17 August 2017.

Andries J Kruger was appointed as an independent non-executive director effective 1 October 2017.

6. Dividend

No interim dividend has been declared.

The board declared a final dividend of 3 cents per ordinary share for the year ended 31 March 2017 on 30 June 2017, to all ordinary shareholders recorded in the books of Nictus Limited at the close of business on Friday, 21 July 2017. The dividend was paid on Monday, 24 July 2017.

7. Cash utilised by operations

	Unaudited Six months ended 30 Sept 2017	Unaudited Six months ended 30 Sept 2016	Audited Year ended 31 March 2017
Figures in R'000			
Profit before taxation	4 089	3 099	7 069
Adjustments for:			
Depreciation of property, plant and equipment	225	187	406
Loss/(profit) on disposal of property, plant and equipment	6	(10)	(24)
Loss on scrapping of property,	-	-	69

plant and equipment			
Amortisation of intangible asset	93	127	254
Dividend income	(756)	(662)	(1 156)
Investment income	(2 239)	(2 613)	(4 841)
Investment income from operations	(21 332)	(16 975)	(36 728)
Profit on disposal of investments	(1 522)	(4 745)	(3 458)
Fair value adjustments on investments	603	4 892	3 288
Profit on sale of subsidiary	-	-	(3)
Changes in working capital:			
Increase in inventories	(871)	(2 490)	(99)
Increase in trade and other receivables	(14 310)	(39 409)	(79 920)
(Decrease)/increase in trade and other payables	(4 173)	(842)	3 227
Increase in insurance contract liability	36 545	31 521	70 236
	(3 642)	(27 920)	(41 680)

8. Determination and disclosure of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Property, plant and equipment

The fair value of land and buildings is estimated by using a combination of the income capitalisation method and the depreciated replacement value method. This method requires the net annual income generated by the property, based on market trends, to be capitalised at an appropriate rate of return to reflect risk, specific investment demands and the overall condition of the structures.

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted closing market price at the reporting date.

The fair values of the financial assets were determined as follows:

- The fair values of listed or quoted investments are based on the quoted closing market price; and
- The fair values of debt securities are based on the quoted closing market price as reflected on the recognised exchange.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The carrying amount of short-term trade and other receivables at amortised cost is believed to approximate their fair values.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Interest-bearing loans and borrowings and loans to group companies
 Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The interest rate used for determining the fair value is the prime interest rate.

Trade and other payables

All trade and other payables are of a short-term nature and the carrying value of trade and other payables at amortised cost is believed to approximate their fair value.

Cash and cash equivalents

The cash and cash equivalents held by the group are of a short-term nature and the fair value of positive bank balances and bank overdrafts is deemed to approximate the carrying amount.

8.1 Fair value of land and buildings

Land and buildings, which consist of a business premises situated on erf 2134, Ferndale, Johannesburg, are independently valued on an ad-hoc basis. The property was valued by the company's directors and an external independent valuator at 31 March 2017. The external valuator was Johannes SF Wessels, a Professional Associated Valuer registered with the South African Council for the Property Valuers Profession (SACPVP Number 7316/3). He is not connected to the company and he has the appropriate qualifications and experience in the location and category of the property. The company's directors value the group's property portfolio on an annual basis. An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the locations and category of property being valued, also provides supporting information used in the annual directors' valuation process. The fair values are based on valuations and other market information that take into consideration the estimated rental value and depreciated replacement value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. The valuation was based on a combination of the income capitalisation method and the depreciated replacement cost method for existing use. The directors have assessed the residual value of the property at 31 March 2017 and calculated that the residual value approximates the current carrying value. No depreciation has therefore been recognised in the current or prior period in respect of the property.

Fair value hierarchy

Figures in R'000	Level 1	Level 2	Level 3	Total
Land and buildings - 2017	-	-	16 146	16 146
Land and buildings - 2016	-	-	16 100	16 100

The valuation techniques to fair value assets and liabilities in Level 3.

Assets	Method	Major assumptions
Land and buildings	Income capitalisation method	Capitalisation rate Rental per square metre per Rode report Vacancy factor

Figures in R'000

Land and buildings

Reconciliation of land and buildings at fair value in Level 3

Balance at 1 April 2017	16 146
Fair value measurements	-
Balance at 30 September 2017	16 146

Sensitivity analysis

Land and buildings

Presented below is an analysis of the impact on the fair value of the land and buildings for changes in the key valuation assumptions.

Figures in R'000	Capitalisation rate		
Income capitalisation method	8,81%	9,81%	10,81%
Rental (10% decrease)	13 400	12 100	11 000
Rental (Rate per Rhode report)	16 100	14 400	13 100
Rental (10% increase)	18 700	16 800	15 200

Figures in R'000	Depreciation rate		
Depreciated replacement cost method	60,00%	65,00%	70,00%
Building costs (3% decrease)	18 900	17 400	15 800
Building costs (Rate per AECOM's African Property and Construction Handbook of 2016)	19 300	17 700	16 100
Building costs (3% increase)	19 700	18 100	16 400

The valuation for the financial year ended 31 March 2017 was based on a combination of the income capitalisation method and the depreciated replacement cost method for existing use. A 50% contribution rate per method was deemed appropriate by the directors.

8.2 Fair value hierarchy of financial assets at fair value through profit or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. There were no transfers between the levels for the reporting period.

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Figures in R'000	Unaudited Six	Unaudited Six	Audited Year
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	months ended 30 Sept 2017	months ended 30 Sept 2016	ended 31 March 2017
Level 1			
Listed shares	14 650	16 389	12 967
Debt securities	2 001	1 974	1 988
Unit trusts	19 083	6 847	7 107
	35 734	25 210	22 062

8.3 Financial assets by category

The accounting policies for financial assets have been applied to the line items below:

Figures in R'000	Loans and receivables at amortised cost	Fair value through profit or loss - held for trading	Total
Unaudited - 30 September 2017			
Loans and receivables	47 671	-	47 671
Investments	-	35 734	35 734
Trade receivables	346 538	-	346 538
Short-term deposits	98 624	-	98 624
Cash and cash equivalents	66 655	-	66 655
	559 488	35 734	595 222
Unaudited - 30 September 2016			
Loans and receivables	41 295	-	41 295
Investments	-	25 210	25 210
Trade receivables	289 699	-	289 699
Short-term deposits	77 844	-	77 844
Cash and cash equivalents	77 618	-	77 618
	486 456	25 210	511 666
Audited - 31 March 2017			
Loans and receivables	48 434	-	48 434
Investments	-	22 062	22 062
Trade receivables	334 329	-	334 329
Short-term deposits	100 766	-	100 766
Cash and cash equivalents	57 603	-	57 603
	541 132	22 062	563 194

8.4 Financial liabilities by category

The accounting policies for financial liabilities have been applied to the line items below:

Figures in R'000	Financial liabilities at amortised cost	Total
Unaudited - 30 September 2017		
Trade and other payables	6 283	6 283

Unaudited - 30 September 2016

Trade and other payables	6 429	6 429
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Audited - 31 March 2017

Trade and other payables	10 467	10 467
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The carrying amounts of the financial liabilities at amortised cost approximate their fair values.

9. Results overview

9.1 Furniture segment

Despite the fact that unemployment in South Africa is at a record high and that consumers remains under pressure due to the struggling economy, the segment delivered positive results. Revenue levels increased and all resources are being utilised and managed to reduce costs and enhance efficiency throughout all aspects within the segment. This contributed to the profitability achieved within the segment for the six-month period ended 30 September 2017.

9.2 Insurance and finance segment

The segment continued to deliver positive results during the six-month period ended 30 September 2017. Increased focus and effective management of the investments contributed positive results with regards to investment income generated by operations. The reduction in segment revenue and profitability during the reporting period was caused by, amongst other contributing factors, the local economic challenges faced within South Africa.

9.3 Holding company level

The company continued to invest in expanding its talent pool and organisational structures to support its current and future business operations. A reduction in costs resulted in increased profitability for the six-month period ended 30 September 2017.

10. Prospects

The monetary policy easing cycle is likely to be shallow and together with the forecast for slow economic growth over the medium-term, the current financial pressures experienced by consumers could be protracted.

The board is confident that despite the economic, political and environmental challenges within the South African economy, the various segments are well placed to build on the results achieved in the first six months.

On behalf of the board

Gerard R de V Tromp
Group managing director

Eckhart H Prozesky
Group financial director

Randburg
1 December 2017

Contact information
Company secretary
Veritas Board of Executors Proprietary Limited

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Directors
Barend J Willemse (Independent non-executive chairman)
Gerard Swart (Independent non-executive)
John D Mandy (Independent non-executive)
Andries J Kruger (Independent non-executive)
Philippus J de W Tromp (Non-executive)
Nicolaas C Tromp (Non-executive)
Gerard R de V Tromp (Executive group managing director)
Eckhart H Prozesky (Executive group financial director)