

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 2018 and details of the notice of the annual general meeting

Abridged consolidated statement of financial position at 31 March 2018

Figures in R'000	2018	2017
Assets		
Property, plant and equipment	18 051	17 629
Intangible assets	118	101
Investments	11 340	22 062
Deferred tax assets	3 020	1 424
Loans and receivables	5 387	3 668
Non-current assets	37 916	44 884
Inventories	10 993	11 284
Loans and receivables	44 226	44 766
Trade and other receivables	358 645	335 484
Investments	98 809	100 766
Cash and cash equivalents	89 717	57 603
Current assets	602 390	549 903
Total assets	640 306	594 787
Equity and liabilities		
Stated capital	48 668	48 668
Revaluation reserve	7 983	7 983
Retained earnings	46 076	42 652
Equity	102 727	99 303
Liabilities		
Deferred tax liabilities	2 400	2 398
Non-current liabilities	2 400	2 398
Trade and other payables	10 974	10 837
Insurance contract liability	524 193	482 180
Current tax payable	12	69
Current liabilities	535 179	493 086
Total liabilities	537 579	495 484
Total equity and liabilities	640 306	594 787

Abridged consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018

Figures in R'000	2018	2017
Revenue	47 361	44 651
Cost of sales	(26 470)	(21 628)
Gross profit	20 891	23 023
Other income	2 259	2 117
Investment income from operations	42 505	37 884
Operating expenses	(48 258)	(43 991)
Administrative expenses	(17 128)	(16 805)
Results from operating activities	269	2 228
Investment income	4 601	4 841
Profit before taxation	4 870	7 069
Taxation credit/(expense)	542	(178)
Profit for the year	5 412	6 891
Other comprehensive income	-	-
Total comprehensive income for the year	5 412	6 891
Profit attributable to:		
Owners	5 412	6 891
Total comprehensive income attributable to:		
Owners	5 412	6 891
Basic earnings per share (cents)	8,17	10,40
Diluted basic earnings per share (cents)	8,17	10,40

Abridged consolidated statement of cash flows
for the year ended 31 March 2018

Figures in R'000	2018	2017
Cash flows from operating activities		
Cash utilised by operations	(23 070)	(41 680)
Investment income received from operations	40 709	36 728
Dividends received	1 796	1 156
Dividends paid	(1 988)	(1 988)
Tax paid	(1 109)	(592)
Net cash generated from/(utilised by) operating activities	16 338	(6 376)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(875)	(965)
Proceeds on sale of property, plant and equipment	-	115
Acquisition of intangible assets	(145)	-
(Acquisition)/disposal of investments	(35 126)	17 949
Investment income received	4 601	4 841
Short-term funds disinvested/(invested)	46 781	(77 778)

Loans repaid by related party	540	1 702
Proceeds on disposal of subsidiary	-	7
Net cash generated from/(utilised by) investing activities	15 776	(54 129)
Total cash movement for the year	32 114	(60 505)
Total cash sold by subsidiary for the year	-	(4)
Cash and cash equivalents at the beginning of the year	57 603	118 112
Total cash and cash equivalents at the end of the year	89 717	57 603

Abridged consolidated statement of changes in equity
for the year ended 31 March 2018

Figures in R'000	Stated capital	Revaluation reserve	Retained earnings	Total equity
Balance at 1 April 2016	48 668	7 983	37 749	94 400
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
Profit for the year	-	-	5 412	5 412
Total comprehensive income for the year	-	-	5 412	5 412
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 2018	48 668	7 983	46 076	102 727

Abridged segmental report
for the year ended 31 March 2018

Figures in R'000	2018	2017
Segment assets		
Furniture retail	70 391	62 793
Insurance and finance	609 636	563 378
Sub-total	680 027	626 171
Head office and eliminations	(39 721)	(31 384)
Total segment assets	640 306	594 787
Segment revenue		
Furniture retail	43 543	36 712
Insurance and finance	5 150	9 416
Sub-total	48 693	46 128
Head office and eliminations	(1 332)	(1 477)
Total segment revenue	47 361	44 651
Net profit/(loss) for the year		
Furniture retail	1 168	(1 156)
Insurance and finance	1 896	2 127
Sub-total	3 064	971
Head office and eliminations	2 348	5 920
Total net profit for the year	5 412	6 891

Accounting policies

Basis of preparation

The abridged consolidated financial statements for the year ended 31 March 2018 ("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 2018. Refer to the consolidated financial statements for the year ended 31 March 2018 ("Audited Financial Statements") for further information.

Reconciliation between earnings and headline earnings for the year ended 31 March 2018

Figures in R'000	Profit on ordinary activities	Taxation	Net profit
2018			
Profit for the year	4 870	542	5 412
Adjustments for:			
Loss on disposal of property, plant and equipment	6	(2)	4
Headline earnings	4 876	540	5 416
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
		2018	2017
Headline earnings per share (cents)		8,17	10,45
Diluted headline earnings per share (cents)		8,17	10,45

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 these Abridged Financial Statements that affected the presentation of the Audited Financial Statements for the year ended 31 March 2018, 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 20 July 2018, and the resignation of Andries J Kruger as independent non-executive director, effective 1 April 2018. A separate announcement will follow containing details of the dividend.

Chairman's report - Barend J Willemse (Johan)

The past year was a difficult year for business and corporate governance in the South African economy, corporate scandals and corruption in State-Owned Enterprises reached a level never seen before, while trading conditions in the economy remained difficult, despite a small positive economic growth rate. Consumer spending and our customer base in furniture and insurance had a difficult year.

Fortunately, indications are that the tide is slowly turning positive under new political leadership, although instability remains a feature of the business world in which we are operating.

Despite higher taxes and an increase in value added tax, we remain optimistic that the economic outlook has improved for 2018/19 with lower interest rates and lower inflation and a strong increase in consumer confidence that will most probably translate into higher spending, stronger economic growth and a more favourable trading environment.

The corporate scandals during the past year and the lack of proper oversight and accountability have prompted all of us to be more vigilant and really focus with new concentration on the governance

process and to ask the important and sometimes not so popular questions as the board, representing the stakeholders' interests. Given our corporate governance responsibility, we adhere to the King principles and are implementing King IV as we proceed, while also complying with the regulatory environment and sound accounting principles. The regulatory environment in the insurance industry remains onerous and adds costs, but we are diligent in fulfilling our reporting obligations and operating within the regulatory framework as we are not in the business to take shortcuts for a quick profit.

Your board continues to develop strategies with management and we believe that we will continue to build a strong and profitable business.

Your company remained profitable during the year and we believe that we are continuing to build a strong foundation with strong leadership and employees and appropriate investments in new management systems to facilitate future growth and to remain profitable and grow future profitability with appropriate strategy.

The fact that our share price remains substantially below net asset value continues to be a challenge and we will continue to build confidence in the business's future and sustainable profitability, which we believe will create value for shareholders and lower the discount to net asset value.

The furniture segment had a good profitable year, with low levels of bad debt, as credit selection is done according to strict criteria. We expect profitability to remain good, with sound management and a clear strategy. In the Insurance industry premiums were below budget, due to the difficult economic circumstances of our clients, but prospects are improving as the economic outlook improves and we continue to develop more flexibility in our product offering to suit clients' specific needs. The regulation in the insurance industry remains burdensome, as regulation keeps changing and we wait for the new Solvency Assessment and Management (SAM) regulations to be made law. We are complying with regulations and our solvability remains healthy and within regulatory prescriptions while we continue to strive for profitability.

I wish to thank the managing director and staff for their dedication and hard work, while the board members continue to fulfill the governance role with enthusiasm and due diligence. We will continue to strive to improve profitability within the regulatory and governance frameworks for the benefit of all stakeholders.

Group managing director's report - Gerard R de V Tromp

The past year can possibly be marked as one of the most challenging given the turmoil in economic and political environments including corporate scandals and corruption at a level that cannot be imagined. Profit margins are coming more and more under pressure in the effort to service the end consumer and creating value in the ever-competing economic environment.

Creative ideas, exceptional focus on innovation, as well as keeping up with the high pace of change remains critical in maintaining a competitive advantage and providing an above average customer experience.

It remains a privilege to report on the operations and financial results of the group achieved during the past year, which illustrates the commitment of our employees as well as the loyalty of our esteemed customers and clients.

Corporate governance

Nictus remains committed to the highest standards of corporate governance, promoting a sound internal control environment. King IV has been implemented during the year under review. We look forward to the implementation of Solvency Assessment and Management (SAM) in the insurance industry as this transitional period has been cumbersome and costly. We remain a proud South African citizen, committed to conforming to all rules and regulations we are exposed to across the group in the hope of building an enduring and better South Africa.

Insurance and finance segment

The insurance segment performed satisfactorily during the year although a decline in insurance income has occurred. Volatility in the economic environment played a major role and our insurance product achieved its full potential in assisting our clients to conquer tough economic times. Rates of return also came under pressure, especially during the second part of the financial year, although we remain conservative in our investment approach to ensure the preservation of capital. The Steinhoff debacle had a big impact on the returns achieved as the drop in their share price resulted in a loss of R0,861 million incurred. Despite the loss incurred, the investment income from operations increased by 12,2%. We continue to employ highly skilled personnel to ensure the full benefit of the product is explained to our clients, where a very sharp focus is maintained on excellent customer service and convenience. Development in technology as well as innovative, custom-made solutions remains a top priority in this segment.

Furniture segment

The furniture segment performed remarkably well compared to the prior year. We managed to achieve a growth of 19% in revenue which resulted in returning the segment to profitability for the year under review. In the effort of fulfilling customer needs and expectations, together with strong support from our suppliers, we

are building a sustainable basis from which synergies and growth can be achieved. Although this industry remains very challenging and competitive, we position ourselves with ongoing longer-term strategies and continuously strive, to deliver the best priced and value for money products to our customers.

Outlook

Nictus maintained profitability for the past three years and wishes to grow this profitability on a sustainable basis. We are excited about the future of Nictus and South Africa and believe that focusing on the strategies we formulate and believe in, will result in the desired outcomes and milestones set.

Our philosophy remains to keep working on and formulating longer-term strategies and action plans, and putting these into action over time. We will maintain and enhance the group's 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.

Although the coming year will bring further challenges economically as well as politically, I believe we are well positioned to face these conditions and look forward to converting these challenges into opportunities.

Appreciation

I would like to bring all glory to our loving and almighty God for continuously blessing this group. He is amidst our decision making and thought processes and we are humbled by His grace.

Furthermore, I would like to thank every customer, client and stakeholder for their trust and support in our brands as well as in our people. We will continue to strive for excellence, maintaining integrity at all levels throughout our group.

Lastly, I would like to thank the chairman and the members of the board for their vision, support and guidance, my family for unqualified support, as well as management and staff for their continued commitment in living the strategy of becoming a sought after wealth creator.

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 2018 ("the AGM"). The AGM will be held in the boardroom at the Nictus Building, corner of Pretoria and Dover Street, Randburg, Gauteng on Wednesday, 22 August 2018 at 12h00.

The notice of AGM and the summarised version of the Audited Financial Statements, are to be posted to Nictus shareholders on Friday, 29 June 2018. The integrated report and the publication of the BEE annual compliance certificate pursuant to the Broad-Based

Economic Empowerment Amendment Act No.46 of 2013 are available on the website www.nictuslimited.co.za.

Barend J Willemse (Johan)
Chairman
29 June 2018

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