

Nictus Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1981/011858/06)
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 2019, details of the notice of the annual general meeting and availability of the B-BBEE annual compliance report

Abridged consolidated statement of financial position as at 31 March 2019

Figures in R'000	2019	2018
Assets		
Property, plant and equipment	18 026	18 051
Intangible assets	1 201	118
Investments	28 640	11 340
Deferred tax assets	3 253	3 020
Loans and receivables	4 485	5 387
Non-current assets	55 605	37 916
Inventories	10 119	10 993
Loans and receivables	38 085	44 226
Trade and other receivables	401 190	358 645
Investments	93 156	98 809
Cash and cash equivalents	64 640	89 717
Current tax receivable	70	-
Current assets	607 260	602 390
Total assets	662 865	640 306
Equity and liabilities		
Stated capital	25 969	48 668
Revaluation reserve	7 983	7 983
Retained earnings	65 147	46 076
Equity	99 099	102 727
Liabilities		
Deferred tax liabilities	2 633	2 400
Non-current liabilities	2 633	2 400
Trade and other payables	11 478	10 974
Insurance contract liability	549 655	524 193
Current tax payable	-	12
Current liabilities	561 133	535 179
Total liabilities	563 766	537 579
Total equity and liabilities	662 865	640 306

Abridged consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019

Figures in R'000	2019	2018
Revenue	50 752	47 361
Cost of sales	(25 468)	(26 470)
Gross profit	25 284	20 891
Other income	734	2 259
Investment income from operations	44 190	42 505
Operating expenses	(50 594)	(48 258)
Administrative expenses	(17 263)	(17 128)
Results from operating activities	2 351	269
Investment income	4 192	4 601
Profit before taxation	6 543	4 870
Taxation credit	-	542
Profit for the year	6 543	5 412
Other comprehensive income	-	-
Total comprehensive income for the year	6 543	5 412
Profit attributable to:		

Owners	6 543	5 412
Total comprehensive income attributable to:		
Owners	6 543	5 412
Basic earnings per share (cents)	10,60	8,17
Diluted basic earnings per share (cents)	10,60	8,17

Abridged consolidated statement of cash flows for the year ended 31 March 2019

Figures in R'000	2019	2018
Cash flows from operating activities		
Cash utilised by operations	(57 908)	(23 070)
Investment income received from operations	42 958	40 709
Dividends received	1 232	1 796
Dividends paid	(1 988)	(1 988)
Tax paid	(82)	(1 109)
Net cash (utilised by)/generated from operating activities	(15 788)	16 338
Cash flows from investing activities		
Acquisition of property, plant and equipment	(629)	(875)
Proceeds on sale of property, plant and equipment	169	-
Acquisition of intangible assets	(1 353)	(145)
Acquisition of investments	(51 666)	(35 126)
Investment income received	4 192	4 601
Short-term funds disinvested	42 081	46 781
Loans repaid by related party	6 141	540
Net cash (utilised by)/generated from investing activities	(1 065)	15 776
Cash flows from financing activities		
Repurchase of company shares: Specific buy-back from shareholder	(8 224)	-
Net cash utilised by financing activities	(8 224)	-
Total cash movement for the year	(25 077)	32 114
Cash and cash equivalents at the beginning of the year	89 717	57 603
Total cash and cash equivalents at the end of the year	64 640	89 717

Abridged consolidated statement of changes in equity for the year ended 31 March 2019

Figures in R'000	Stated capital	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 April 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 as at 31 March 2018	48 668	7 983	46 076	102 727
Profit for the year	-	-	6 543	6 543
Total comprehensive income for the year	-	-	6 543	6 543

Transactions with the owners of the company				
Distributions to the owners of the company				
Dividends paid	-	-	(1 988)	(1 988)
Prescribed dividends	-	-	41	41
Shares repurchased from the owners of the company				
Specific repurchase - ordinary shares#	(22 699)	-	14 475*	(8 224)
Total transactions with the owners of the company	(22 699)	-	12 528	(10 171)
Balance as at 31 March 2019	25 969	7 983	65 147	99 099

During the year, the company successfully completed a specific repurchase transaction, in terms of sections 4, 48(8)(b) and 114 of the Companies Act of South Africa No. 71 of 2008 ("Companies Act"), read together with sections 115 and 164 of the Companies Act, the JSE Listings Requirements and Nictus' Memorandum of Incorporation of 12 826 440 ordinary shares (constituting 19,35% of the company's total ordinary shares in issue) from Nictus Holdings Limited, a related party, for a consideration of R7,471 million, being a price of 58,25 cents per share.

* This amount represents the gain on the specific repurchase of ordinary shares.

Abridged segmental report for the year ended 31 March 2019

Figures in R'000	2019	2018
Segment assets		
Furniture retail	51 756	70 391
Insurance	617 081	609 636
Sub-total	668 837	680 027
Head office and eliminations	(5 972)	(39 721)
Total segment assets	662 865	640 306
Segment revenue		
Furniture retail	42 716	43 543
Insurance	9 235	5 150
Sub-total	51 951	48 693
Head office and eliminations	(1 199)	(1 332)
Total segment revenue	50 752	47 361
Net profit for the year		
Furniture retail	842	1 168
Insurance	3 293	1 896
Sub-total	4 135	3 064
Head office and eliminations	2 408	2 348
Total net profit for the year	6 543	5 412

Accounting policies

Basis of preparation

The abridged consolidated financial statements for the year ended 31 March 2019 ("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 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 Reporting Pronouncements as issued by the Financial Reporting Standards Council and 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) and 16A(l) of IAS 34. The accounting

policies applied in the preparation of the audited consolidated financial statements for the year ended 31 March 2019 ("Audited 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 audited consolidated financial statements, except as indicated otherwise on pages 65 and 66 of the Audited Financial Statements, in the case of new accounting standards implemented effective 1 April 2018. The adoption of the new accounting standards and interpretations had no material impact on the results of the group.

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

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

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 2019. Refer to the Audited Financial Statements for further information.

Reconciliation between earnings and headline earnings for the year ended 31 March 2019

Figures in R'000	Profit on ordinary activities	Taxation	Non-controlling interest	Net profit
2019				
Profit for the year	6 543	-	-	6 543
Adjustments for:				
Profit on disposal of property, plant and equipment	(70)	20	-	(50)
Headline earnings	6 473	20	-	6 493
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
			2019	2018
Headline earnings per share (cents)			10,52	8,17
Diluted headline earnings per share (cents)			10,52	8,17

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.

The Abridged Financial Statements have 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 material events after the reporting date and up to the date of

approval of the Abridged Financial Statements that required adjustment to or disclosure in the Audited Financial Statements, other than that a dividend of 3,75 cents per share was declared by the board of directors ("board") subsequent to year end, payable to all shareholders recorded in the company's shareholder register at close of business on 19 July 2019. A separate announcement will follow containing details of the dividend.

Changes to the board and board committees

Mr John D Mandy, an independent non-executive director of the company retired with effect from 31 January 2019.

Mr Cornelius J de Vrye (Ronnie), an independent non-executive director of the company, replaced Mr John D Mandy as chairman of the audit and risk committee and member of the remuneration and nomination committee, with effect from 31 January 2019.

Mr Gerard Swart, an independent non-executive director of the company, resigned as a member of the social and ethics committee with effect from 20 November 2018 and Mr Stephanus J Gerber (Ion), a prescribed officer of the insurance segment of the company, replaced Mr Gerard Swart on the same date.

Chairman's report - Barend J Willemse (Johan)

South Africa's economic growth slowed further during 2018 and is part of a declining trend since 2009/10. The economic growth rate for 2018 was published at 0,8% by the South African Reserve Bank (SARB), with household consumption spending growing by only 1,8% during 2018 and official unemployment increasing towards the 28% level.

Corruption and corporate scandals continue with a lot of pressure to improve corporate governance throughout the South African business sector and government entities. Hopefully, we will see several prosecutions during 2019 and a slight improvement in South Africa's economic and business confidence.

The challenges with electricity supply and fuel price increases continue with further tax increases expected and a reduction in household disposable income. The SARB expects that we will only see an improvement in growth in household spending by late 2019 and into 2020. Consumer and business confidence declined further and, in early 2019, reached comparable levels to the world recessionary period in 2008/09.

The board continues to focus on its long-term strategy to maintain profitability amid a weak economic environment and deteriorating consumer and business confidence.

Management continues to adapt to a difficult trading environment in both the furniture retail and insurance sectors. The board is of the opinion that we will remain profitable during the current economic slowdown through continued improvements and innovation as well as the maintenance of profit levels. Costs have been well managed within the budget and profit levels were maintained.

We are making progress in maintaining a more stable profit level and the board has also adopted an approach to deliver a steady dividend payment to shareholders in the current economic down-cycle. We are of the opinion, that as we build this record, it will translate into better support for the share price. The board has also embarked on a strategy to employ capital more profitably and has adopted a strategy that we believe will support the share price and increase profits/dividends into the future. The share buy-back from Nictus Holdings Limited (a Namibian company), has not only consolidated shareholding but has also reduced the number of shares in issue. The strategy remains to employ capital optimally and improve profitability (and dividends) to a more desirable level. We envisage new actions during the financial year that will further improve the efficiency of capital employed and improve profitability within the current capital structure.

Continued focus on our customers and target market will remain a priority to

improve our client offering and client base and will continue to build the business in a sustainable manner. Given the fact that the new Solvency Assessment and Management (SAM) regulations have been legislated within the insurance industry, regulatory uncertainty has been reduced, but the burden continues to add costs to doing business.

While the country slipped into a mode of corporate scandal and corruption on a broad basis, the board and management remain very focused in maintaining our values and integrity and fulfilling our fiduciary duties to the shareholders. In this regard, I want to thank John Mandy, who fulfilled his role as an independent non-executive director and the chairman of the audit and risk committee, for his dedication and due diligence.

A word of thanks to the board of directors for their dedication and focus in fulfilling their roles as directors and for safeguarding our shareholders' interests.

I also want to welcome Ronnie de Vrye as an independent non-executive director and chairman of the audit and risk committee and thank him for the contribution he is making to our corporate governance and strategy.

My thanks also to the managing director, financial director and staff for their enthusiasm and dedication with which they implement the company's strategy and values to improve profitability on an ethical basis.

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

It is once again a privilege to present and report on the financial results of the group. Although challenging, it was an exciting year where we were forced to be creative and competitive to build on our long-term strategy to sustainably grow our earnings and asset base to create wealth for all our stakeholders.

A great milestone that was achieved this year was the share buy-back transaction from Nictus Holdings Limited which resulted in an increase in the net asset value per share, which, in turn, created intrinsic value for our shareholders. We are proud to maintain a constant ordinary dividend payment and have aligned our strategies to enhance and maintain a sustainable dividend payment to reward our shareholders, especially in these challenging, yet interesting, times in the South African political and economic environments.

We are privileged to welcome Ronnie de Vrye to our board and look forward to appreciating the wealth of experience and skills he will contribute to the group. We wish John Mandy well for his retirement and we are thankful for his contribution during his term as director.

Insurance segment

We experienced a steady growth in insurance premiums this year and are delighted with the success and value that our product is contributing to our clients within their different operations. We remain focused on tailor-made client-specific solutions. One of our success factors remains the service and turnaround time to our clients and potential clients. We have aligned our investment strategy to challenge the grim investment environment and we are satisfied with the results achieved where no significant fluctuations were experienced that impacted earnings. We are excited to approach the coming years and look forward to opportunities where we can, together with our clients, create opportunities to identify risks and convert them into sustainable wealth.

Furniture segment

Furniture retail will always be one of the most challenging, yet rewarding, operations in the retail industry. Quality and value for money cannot be separated from the success of furniture retail and we are thankful that we can report on the profitability of this segment. Although profit margins are increasingly under pressure, we applaud the support from our suppliers for their combined efforts in satisfying customer needs and preferences. We have had success in identifying and delivering unique product lines to our devoted customers and look forward to building and improving on this in the coming

years. It is rewarding that we have had few nonperforming debtors and that bad debts and the provision therefore were far below industry norms, as well as our expectations.

Corporate governance

Nictus is proud to promote the highest standards of corporate governance and transparency. We value the integrity of our extremely committed employees in the effort to endorse a sound internal control environment. We remain committed to conforming to all rules and regulations we are exposed to across the group to assist in improving and building on a better South Africa and fighting corrupt practices.

Outlook

Nictus is committed to creating wealth for its stakeholders and will continue to build on this strategy. Our customers remain our core focus and we will persevere in providing them with innovative and exclusive products and solutions with unsurpassed levels of customer service.

Improvements of systems and ongoing focus on all aspects of the group will be a priority in order to be efficient in our operations and effective in maximising returns and optimising all capital structures.

We have hope in the new leadership of the country and take pride in being a South African corporate citizen contributing to the process of restoring South Africa to economic prosperity.

Appreciation

I would like to bring tribute and all glory to our loving God as without his love and grace this group would have no success.

I would like to express a warm thank you to our chairman and all board members for their exceptional value add to the group as well as their commitment and support to achieve the desired outcomes. Thank you to each and every employee and their families for their commitment and assistance on the journey to achieve our ideal future. Thank you to all of our clients and customers for their unqualified support and belief in the group and lastly, I would like to thank my family for their unreserved and unconditional support and for being the cornerstone on which we can build this group.

Integrated annual report and notice of annual general meeting

The Integrated Annual Report contains a notice convening the annual general meeting of Nictus shareholders for the year ended 31 March 2019 ("the AGM"). The AGM will be held in the boardroom at the Nictus Building, corner of Pretoria and Dover Streets, Randburg, Gauteng on Wednesday, 21 August 2019 at 12h00.

The notice of AGM and the summarised version of the Audited Financial Statements, are to be posted to Nictus shareholders today, 28 June 2019. These documents and the full Integrated Annual Report are also available on the company's website at: http://www.nictuslimited.co.za/wp-content/uploads/2019/06/Nictus-Limited_IAR-2019.pdf.

Availability of the Broad-Based Economic Empowerment annual compliance report

The company's annual compliance report prepared pursuant to section 13(G)(2) of the Broad-Based Economic Empowerment Act No.53 of 2003 is available on the company's website at: http://www.nictuslimited.co.za/wp-content/uploads/2019/06/Nictus-Limited_BEE-Certificate-2019.pdf.

Barend J Willemse (Johan)
Chairman

28 June 2019

Sponsor:
One Capital

Registered office of the Company
Head office
1st Floor, Nictus Building
Corner of Pretoria and Dover Streets, Randburg
PO Box 2878, Randburg 2125

Windhoek office
Nictus Building, 1st Floor
140 Mandume Ndemufayo Avenue, 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 Streets, Randburg
PO Box 2878, Randburg 2125

Auditors and reporting accountant
KPMG Inc.
Registration number: 1999/021543/21
KPMG Crescent
85 Empire Road, Parktown 2193
Private Bag 9, Parktown 2122