



NICTUS LIMITED
**CONDENSED
CONSOLIDATED
INTERIM
FINANCIAL
STATEMENTS**

for the six months ended
30 September 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2021

Figures in R'000	Unaudited		Audited
	30 Sep 2021	30 Sep 2020	31 Mar 2021
Assets			
Non-current assets			
Property, plant and equipment	15 944	15 501	15 132
Intangible assets	136	477	251
Right-of-use asset	8 984	1 295	10 045
Investments	32 719	31 475	26 177
Deferred tax assets	–	882	83
Trade, insurance and other receivables	3 556	3 352	5 556
	61 339	52 982	57 244
Current assets			
Inventories	13 225	11 673	10 176
Trade, insurance and other receivables	318 018	311 639	346 906
Investments	204 681	197 364	180 151
Cash and cash equivalents	29 694	38 887	76 679
	565 618	559 563	613 912
Total assets	626 957	612 545	671 156
Equity and liabilities			
Equity			
Stated capital	25 969	25 969	25 969
Revaluation reserve	1 152	1 152	1 152
Retained earnings	75 403	73 836	76 474
	102 524	100 957	103 595
Liabilities			
Non-current liabilities			
Deferred tax liabilities	2 686	3 107	2 609
Lease liabilities	7 595	624	8 506
	10 281	3 731	11 115
Current liabilities			
Trade and other payables	5 773	7 692	10 769
Insurance contract liability	506 628	499 360	544 047
Lease liabilities	1 751	805	1 630
	514 152	507 857	556 446
Total liabilities	524 433	511 588	567 561
Total equity and liabilities	626 957	612 545	671 156

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2021

Figures in R'000	Unaudited		Audited
	Six months ended 30 Sep 2021	Six months ended 30 Sep 2020	Year ended 31 Mar 2021
Revenue (note 9)	18 208	25 588	55 919
Effective interest revenue	862	939	1 996
Total revenue	19 070	26 527	57 915
Cost of sales	(9 554)	(10 036)	(26 243)
Gross profit	9 516	16 491	31 672
Other income	610	437	1 012
Investment income from operations	16 080	22 869	39 688
Notional interest allocation	(6 139)	(8 783)	(15 070)
Claims paid	(1 071)	(9 102)	(11 725)
Operating and administrative expenses	(16 897)	(15 309)	(33 901)
Results from operating activities	2 099	6 603	11 676
Investment income	–	406	–
Finance expenses	(338)	(76)	(212)
Profit before taxation	1 761	6 933	11 464
Taxation expense	(160)	(1 531)	(1 842)
Profit for the period	1 601	5 402	9 622
Other comprehensive income	–	–	–
Other comprehensive income for the period, net of tax	–	–	–
Total comprehensive income for the period	1 601	5 402	9 622
Profit attributable to:			
Owners	1 601	5 402	9 622
Total comprehensive income attributable to:			
Owners	1 601	5 402	9 622
Basic earnings per share (cents)	3,00	10,11	18,00
Diluted basic earnings per share (cents)	3,00	10,11	18,00
Weighted average number of shares in issue (000s)	53 444	53 444	53 444

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2021

Figures in R'000	Stated capital	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 April 2020	25 969	1 152	68 434	95 555
<i>Total comprehensive income for the period</i>				
Profit for the period	–	–	5 402	5 402
Total comprehensive income for the period	–	–	5 402	5 402
<i>Transactions with the owners of the company</i>				
Total transactions with the owners of the company	–	–	–	–
Balance as at 30 September 2020	25 969	1 152	73 836	100 957
<i>Total comprehensive income for the period</i>				
Profit for the period	–	–	4 220	4 220
Total comprehensive income for the period	–	–	4 220	4 220
<i>Transactions with the owners of the company</i>				
Distributions to the owners of the company				
Dividends paid	–	–	(1 603)	(1 603)
Prescribed dividends	–	–	21	21
Total transactions with the owners of the company	–	–	(1 582)	(1 582)
Balance as at 31 March 2021	25 969	1 152	76 474	103 595
<i>Total comprehensive income for the period</i>				
Profit for the period	–	–	1 601	1 601
Total comprehensive income for the period	–	–	1 601	1 601
<i>Transactions with the owners of the company</i>				
Distributions to the owners of the company				
Dividends paid	–	–	(2 672)	(2 672)
Total transactions with the owners of the company	–	–	(2 672)	(2 672)
Balance as at 30 September 2021	25 969	1 152	75 403	102 524

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2021

Figures in R'000	Unaudited		Audited
	Six months ended 30 Sep 2021	Six months ended 30 Sep 2020	Year ended 31 Mar 2021
Cash flows from operating activities			
Cash utilised by operations (note 7)	(27 206)	(35 013)	(33 272)
Investment income received from operations	13 705	20 198	34 551
(Acquisition)/disposal of investments	(27 218)	(1 315)	14 433
Short-term investments at amortised cost (invested)/disinvested	(1 799)	(2 452)	8 062
Dividends received	320	470	777
Dividends paid	(2 672)	–	(1 603)
Finance expenses paid	(338)	(76)	(212)
Tax refund received	–	72	68
Net cash (utilised by)/generated from operating activities	(45 208)	(18 116)	22 804
Cash flows from investing activities			
Acquisition of property, plant and equipment	(1 032)	(220)	(544)
Proceeds on sale of property, plant and equipment	45	43	182
Disposal/(acquisition) of investments	–	1 876	(122)
Net cash (utilised by)/generated from investing activities	(987)	1 699	(484)
Cash flows from financing activities			
Payment of lease liabilities	(790)	(710)	(1 655)
Net cash utilised by financing activities	(790)	(710)	(1 655)
Total cash movement for the period	(46 985)	(17 127)	20 665
Cash and cash equivalents at the beginning of the period	76 679	56 014	56 014
Total cash and cash equivalents at the end of the period	29 694	38 887	76 679

CONDENSED SEGMENTAL REPORT

for the six months ended 30 September 2021

Figures in R'000	Unaudited		Audited
	Six months ended 30 Sep 2021	Six months ended 30 Sep 2020	Year ended 31 Mar 2021
Segment assets			
Furniture retail*	41 479	37 332	43 696
Insurance**	575 055	571 051	612 073
	616 534	608 383	655 769
Head office and eliminations	10 423	4 162	15 387
	626 957	612 545	671 156
Segment liabilities			
Furniture retail	10 893	9 903	13 461
Insurance	524 307	516 777	562 693
	535 200	526 680	576 154
Head office and eliminations	(10 767)	(15 092)	(8 593)
	524 433	511 588	567 561
Segment revenue			
Furniture retail	16 526	15 891	41 640
Insurance	2 544	10 653	16 330
	19 070	26 544	57 970
Head office and eliminations	–	(17)	(55)
	19 070	26 527	57 915
Profit for the period			
Furniture retail	386	386	3 158
Insurance	1 369	4 863	7 469
	1 755	5 249	10 627
Head office and eliminations	(154)	153	(1 005)
	1 601	5 402	9 622

* The segment has two furniture retail stores in South Africa. Nictus places the customer first by continually striving towards excellence. Helpful personnel provide service with dedication and motivation, while maintaining integrity, focus and sound values. Products are of the highest quality and provide excellent value for money. Stores are situated in Louis Trichardt and Polokwane as at period end.

** The insurance segment of the group is run through Corporate Guarantee (South Africa) (RF) Limited, which brings a unique approach to non-life insurance through the alternative risk transfer model. The head office is currently situated in Bryanston and utilises group administration staff.

RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS

for the six months ended 30 September 2021

Figures in R'000	Profit on ordinary activities	Taxation	Net profit
Unaudited – Six months ended 30 September 2021			
Profit before taxation	1 761	(160)	1 601
<i>Adjustments for:</i>			
Profit on disposal of property, plant and equipment	(45)	13	(32)
Headline earnings	1 716	(147)	1 569
Unaudited – Six months ended 30 September 2020			
Profit before taxation	6 933	(1 531)	5 402
<i>Adjustments for:</i>			
Profit on disposal of property, plant and equipment	(2)	1	(1)
Headline earnings	6 931	(1 530)	5 401
Audited – Year ended 31 March 2021			
Profit before taxation	11 464	(1 842)	9 622
<i>Adjustments for:</i>			
Loss on disposal of property, plant and equipment	12	(3)	9
Headline earnings	11 476	(1 845)	9 631

	Unaudited		Audited
	Six months ended 30 Sep 2021	Six months ended 30 Sep 2020	Year ended 31 Mar 2021
Headline earnings per share (cents)	2,94	10,11	18,02
Diluted headline earnings per share (cents)	2,94	10,11	18,02

NOTES TO THE FINANCIAL INFORMATION

for the six months ended 30 September 2021

1. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) are prepared in accordance with the requirements of the JSE Limited Listings Requirements (JSE Listings Requirements) for interim financial statements and the requirements of the Companies Act of South Africa applicable to condensed financial statements. The JSE Listings Requirements require interim financial statements to be prepared in accordance with and to contain the information required by IAS 34 *Interim Financial Reporting*, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards (IFRS) and are consistent with those applied in the previous annual financial statements.

The interim financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Land and buildings are measured at revalued amounts;
- Insurance contract liabilities; and
- Financial instruments classified at fair value through profit or loss are measured at fair value.

The interim financial statements for the period ended 30 September 2021, together with the statements regarding the prospects of the group, have not been audited or reviewed by the group's auditor.

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 party information is unchanged from what was reported on for the year ended 31 March 2021. Refer to the 2021 audited consolidated annual financial statements for further information, which is accessible on the Nictus website.

4. Events after the reporting period

There were no material events after the reporting date and up to the date of approval of these interim financial statements that required adjustment or disclosure in the interim financial statements for the period ended 30 September 2021.

5. Changes to the board

There were no changes to the board of directors during the period under review except for the passing of Mr Nicolaas C Tromp, a non-executive director of the company, on Sunday, 27 June 2021.

6. Dividend

No interim dividend has been declared for the period ended 30 September 2021 nor for the comparative prior period.

The board declared a final dividend of 5,00 cents per ordinary share for the year ended 31 March 2021 on Wednesday, 30 June 2021, to all ordinary shareholders recorded in the share register of Nictus at the close of business on Friday, 23 July 2021, which was paid on Monday, 26 July 2021.

7. Cash utilised by operations

	Unaudited		Audited
	Six months ended 30 Sep 2021	Six months ended 30 Sep 2020	Year ended 31 Mar 2021
Figures in R'000			
Profit before taxation	1 761	6 933	11 464
Other comprehensive income	–	–	–
Adjustments for:			
Depreciation of property, plant and equipment	220	258	798
Depreciation of right-of-use asset	1 061	781	1 685
(Profit)/loss on disposal of property, plant and equipment	(45)	(2)	12
Amortisation of intangible asset	115	225	451
Net impairments and movements in credit loss allowances	28	167	380
Leasehold property balance adjustment	–	(222)	–
IFRS 16-related adjustment on early termination of lease agreement	–	–	(26)
Lease liability balance adjustment – COVID-19 concession	–	–	(198)
Dividend income	(320)	(470)	(777)
Investment income	–	(406)	–
Finance expenses	338	76	212
Investment income from operations	(13 705)	(19 792)	(34 551)
Profit on disposal of investments	(304)	(307)	(350)
Inventories lost or written off	154	446	77
Fair value adjustments on investments	(1 751)	(2 300)	(4 010)
Receivable from SARS increase – interest-related	–	–	(6)
Changes in working capital:			
(Increase)/decrease in inventories	(3 203)	(1 323)	543
Decrease in trade, insurance and other receivables	30 860	122 882	85 198
(Decrease)/increase in insurance contract liability	(37 419)	(141 345)	(96 658)
(Decrease)/increase in trade and other payables	(4 996)	(614)	2 484
	(27 206)	(35 013)	(33 272)

NOTES TO THE FINANCIAL INFORMATION continued

for the six months ended 30 September 2021

8. Determination and disclosure of fair values

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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. The group uses alternative valuation methods where deemed more appropriate at the financial position reporting date.

Investments in equity, debt securities and unit trusts

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 prices;
- The fair values of debt securities are based on the quoted closing market prices as reflected on the JSE Debt Market. The securities are regularly traded on the active market; and
- The fair values of the unit trust investments are based on the quoted put (exit) price provided or published by the fund manager.

Trade, insurance 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.

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 the investments made to meet short-term operational obligations as they fall due is deemed to approximate the carrying amount.

8. Determination and disclosure of fair values continued

8.1 Fair value of land and buildings

Land and buildings consists of business premises situated on Erf 2134, Ferndale, Johannesburg (property), measuring 8 030m². The property was valued by the company's directors as at 31 March 2021. The valuation was based on initial terms agreed between the company and an unrelated third party to sell the property subsequent to year end. The key input under this approach is the consideration offered for the purchase of the property. The sale of the property within the next 12 months is not assessed as highly probable as at 31 March 2021. The directors updated their assessment of the fair value of the property, taking into account the most recent independent valuation, effective 31 March 2020. The directors determined that the property's value is within a range of reasonable fair value estimates. Ownership of the property changed during the prior financial year with Kruben Holdings Proprietary Limited selling its business, which included the property, as a going concern to Corporate Guarantee (South Africa) (RF) Limited, a fellow subsidiary at the time. Despite the ownership change, the property remained within the group. The effective date of this transaction was 1 March 2020. No depreciation has been recognised in the current or prior period in respect of the property. The directors have assessed the residual value of the property as at 31 March 2021 and calculated that the residual value approximates the current carrying value.

Fair value hierarchy

Figures in R'000	Level 1	Level 2	Level 3	Level 4
Land and buildings – 2021	–	–	14 000	14 000
Land and buildings – 2020	–	–	14 000	14 000

Figures in R'000	Land and buildings
Reconciliation of land and buildings at fair value in Level 3:	
Balance as at 1 April 2021	14 000
Fair value measurements	–
Balance as at 30 September 2021	14 000

NOTES TO THE FINANCIAL INFORMATION continued

for the six months ended 30 September 2021

8. Determination and disclosure of fair values continued

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. Unit trusts consist of investments in collective investment schemes and the valuation technique is based on a quoted put (exit) price provided by the relevant fund managers. The only observable inputs with regard to unit trusts are the closing units and closing price. 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		Audited
	Six months ended 30 Sep 2021	Six months ended 30 Sep 2020	Year ended 31 Mar 2021
Level 1			
Listed shares	7 486	6 334	6 856
Listed debt securities	7 045	17 104	17 105
Unit trusts	4 486	4 109	3 961
	19 017	27 547	27 922
Level 2			
Unit trusts	157 076	131 271	118 899

8. Determination and disclosure of fair values continued

8.3 Financial assets by category

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

Figures in R'000	Receivable at amortised cost	Fair value through profit or loss	Total
30 September 2021			
Investments	–	176 093	176 093
Trade and insurance receivables	35 493	–	35 493
Secured advances	283 641	–	283 641
Short-term deposits	61 307	–	61 307
Cash and cash equivalents	29 694	–	29 694
	410 135	176 093	586 228
30 September 2020			
Investments	–	158 818	158 818
Trade and insurance receivables	21 952	–	21 952
Secured advances	270 547	–	270 547
Short-term deposits	70 021	–	70 021
Cash and cash equivalents	38 887	–	38 887
	401 407	158 818	560 225
31 March 2021			
Investments	–	146 821	146 821
Trade and insurance receivables	53 765	–	53 765
Secured advances	298 015	–	298 015
Short-term deposits	59 507	–	59 507
Cash and cash equivalents	76 679	–	76 679
	487 966	146 821	634 787

The carrying amounts of the financial assets at amortised cost approximate their fair values.

NOTES TO THE FINANCIAL INFORMATION continued

for the six months ended 30 September 2021

8. Determination and disclosure of fair values continued

8.4 Financial liability 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	
	at amortised cost	Total
30 September 2021		
Lease liabilities	9 346	9 346
Trade and other payables	5 655	5 655
	15 001	15 001
30 September 2020		
Lease liabilities	1 429	1 429
Trade and other payables	7 470	7 470
	8 899	8 899
31 March 2021		
Lease liabilities	10 136	10 136
Trade and other payables	9 859	9 859
	19 995	19 995

The carrying amounts of the financial liabilities at amortised cost approximate their fair values.

9. Revenue

Figures in R'000	Unaudited		Audited
	Six months ended 30 Sep 2021	Six months ended 30 Sep 2020	Year ended 31 Mar 2021
Revenue from contracts with customers	15 664	14 952	39 644
Sale of goods*	15 062	14 404	38 452
Rendering of services#	602	548	1 192
Insurance premium income	2 544	10 636	16 275
	18 208	25 588	55 919
Insurance premium income in terms of IFRS 4 consists of:			
Net written premiums	(32 320)	(120 690)	(71 582)
Change in net provision for unearned premiums	34 864	131 326	87 857
	2 544	10 636	16 275

* The sale of goods consists of revenue from goods transferred to customers at a point in time.

Rendering of services consists of revenue from services provided to customers over time amounting to R0,23 million (2020: R0,20 million). The remainder is provided at a point in time.

NOTES TO THE FINANCIAL INFORMATION continued

for the six months ended 30 September 2021

10. Results overview

10.1 Furniture retail segment

The retail industry is negatively affected by the fact that consumers remain under pressure due to the struggling local economy with persistent low levels of consumer confidence and high unemployment. The negative effects of the ongoing COVID-19 pandemic on the already financially constrained consumer have been exacerbated and could persist for some time. Total revenue of Nictus Meubels Proprietary Limited increased by approximately 4%. The result of the increase in revenue was offset by the normalisation of costs throughout the period. The segment remained profitable for the six months ended 30 September 2021.

10.2 Insurance segment

The segment was profitable during the six-month period ended 30 September 2021. The decreased profitability during the reporting period was caused by, among other contributing factors, decreased assets when compared to the comparative period. Claims paid and policy endorsements amounted to approximately R71 million during the period; this was in line with expectations but should not be interpreted as a proxy for the remainder of the 2022 financial year. Operating and administrative expenses remained relatively consistent over the period.

11. Prospects

We are fortunate to have a strong capital base to carry the group during times of uncertainty and adverse economic conditions. The ramifications and long-term effect of the COVID-19 pandemic, expected higher inflation in the near term and subdued consumer and business confidence will bring about an extended period of reduced economic activity in South Africa. We are of the opinion that the group has sufficient capital reserves to carry itself through the months and years to come.

The board is confident that despite the economic, political and environmental challenges within the South African economy, the various segments are positioned to preserve and build on the results achieved during the first six months of the 2022 financial year.

On behalf of the board



Gerard R de V Tromp
Authorised director
Group managing director

Bryanston
7 December 2021



Professor Barend J Willemsse
Authorised director
Chairperson

CONTACT INFORMATION

Nictus Limited

(Nictus or the group or the company)
(Incorporated in the Republic of South Africa)
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Registration number NAM: F81/11858
JSE share code: NCS
ISIN number: NA0009123481
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Directors

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Independent non-executive chairperson

Sarita Martin
Independent non-executive director

Cornelius J de Vrye
Independent non-executive director

Philippus J de W Tromp
Non-executive director

Gerard R de V Tromp
Executive group managing director

Eckhart H Prozesky
Executive group financial director

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