

# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

*The definitions commencing on page 3 of this circular apply mutatis mutandis to this cover page.*

If you are in any doubt as to the action you should take, you should consult your stockbroker, banker, accountant, legal practitioner or other professional advisor immediately.

## Action required

1. If you have disposed of all your shares in Nictus, please forward this circular to the purchaser of such shares or the stockbroker or agent through whom you disposed of such shares.



### NICTUS HOLDINGS LIMITED

(Incorporated in the Republic of Namibia)

(Registration number: 1962/1735)

NSX Share code: NHL

(ISIN Code: NA0009123481)

("Nictus" or "the Company")

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## CIRCULAR TO NICTUS SHAREHOLDERS

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### regarding:

- The proposed acquisition of all the shares held by Magister in Trentyre, by Nictus; and
- The concluding of various commercial agreements between Nictus and Goodyear to continue with the business of Trentyre.

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### Auditor and reporting accountants



### Sponsors



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*Date of issue: 13 December 2013*

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## CORPORATE INFORMATION AND ADVISERS

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### Directors:

PJ de W Tromp (executive chairman)  
NC Tromp (executive)  
FR van Staden (executive)  
JJ Retief (executive)  
WO Fourie (executive)

### Company secretary and registered office

Veritas Board of Executors (Proprietary) Limited  
(Registration number F/84/7487)

3rd Floor, Corporate House  
17 Lüderitz Street

Windhoek  
Namibia

PO Box 755  
Windhoek  
Namibia

### Sponsors

Simonis Storm Securities (Proprietary) Limited  
A member of the NSX  
(Registration number 96/421)

4 Koch Street, Klein Windhoek  
Windhoek

PO Box 3970  
Windhoek

### Transfer secretaries

Veritas Board of Executors (Proprietary) Limited  
(Registration number F/84/7487)

3rd Floor, Corporate House  
17 Lüderitz Street

Windhoek  
Namibia

PO Box 755  
Windhoek  
Namibia

### Reporting Accountants and Auditors

SGA Chartered Accountants & Auditors

24 Orban Street  
Windhoek  
Namibia

PO Box 30  
Windhoek  
Namibia

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## IMPORTANT DATES AND TIMES

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The definitions commencing on page 3 of this circular apply mutatis mutandis to the important dates and times section:

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### 2013

- Circular posted to Nictus shareholders on 13 December

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### 2014

- Finalisation date expected to be on 31 March
- Finalisation date announcement expected to be released on SENS on 31 March
- Finalisation date announcement expected to be published in the press on 1 April

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### NOTES:

These dates and times may change at the instance of Nictus. Any material changes will be published on SENS and in the press.

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## DEFINITIONS

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In this Circular and the Annexures hereto, unless a contrary intention clearly appears, words importing the singular include the plural and vice versa, any one gender includes the other genders, natural persons include juristic persons and vice versa and the following terms bear the meanings assigned to them below:

<b>“Act”</b>	the Namibian Companies Act, 2004 (Act 28 of 2004), as amended;
<b>“Circular”</b>	this circular and the annexures hereto;
<b>“commercial agreements”</b>	the non-exclusive Distribution Agreement, Retail Outlet Agreement and Retread Agreement entered into between Goodyear and Trentyre, coinciding with the purchase of Trentyre by Nictus, and ensuring the continued business of Trentyre and as further set out in Annexure 4;
<b>“directors”</b>	the board of directors for the time being of Nictus;
<b>“Magister”</b>	Magister Limited (registration number 20820/4624), a limited liability company incorporated in terms of the relevant laws of Mauritius, having its registered office at 6th Floor, Tower A, 1 Cybercity, Ebene, Mauritius;
<b>“Namibia”</b>	the Republic of Namibia;
<b>“NSX”</b>	the Namibian Stock Exchange;
<b>“Nictus” or “the Company”</b>	Nictus Holdings Limited (Registration number 1962/1735), a public company incorporated in accordance with the laws of Namibia, having its registered address at Corporate House, 17 Luderitz Street, Windhoek, Namibia and listed on the NSX;
<b>“Nictus Group”</b>	Nictus and its affiliates;
<b>“reporting accountants”</b>	SGA Chartered Accountants and Auditors;
<b>“Registrar”</b>	The Registrar of Companies in Namibia;
<b>“SENS”</b>	Securities Exchange News Service;
<b>“transfer secretaries”</b>	Veritas Board of Executors (Proprietary) Limited (Registration number F84/7587), a private company incorporated in accordance with the laws of Namibia, acting as the transfer secretaries to Nictus;
<b>“shareholder”</b>	holder of Nictus shares and;
<b>“Trentyre”</b>	Trentyre (Namibia) (Proprietary) Limited (Registration number 86/069), a private company incorporated in accordance with the laws of Namibia, having its registered address at 1 Diesel Street, Southern Industrial Area, Windhoek, Namibia.



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**CIRCULAR TO NICTUS SHAREHOLDERS**

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**1. INTRODUCTION**

An announcement has been made on SENS and in the Namibia press on respectively 29 November 2013 and 2 December 2013 to inform all shareholders that Nictus has, subject to the successful concluding of the commercial agreements, acquired all the shares held by Magister in Trentyre for the amount of N\$34 500 000 (thirty four million five hundred thousand Namibia Dollars). Nictus intends to further enter into the commercial agreements with Goodyear to continue with the normal business of Trentyre, being one of the largest tyre service providers in Namibia. The concluding of the commercial agreements and Namibian Competition Commission approval constitute suspensive conditions to the acquisition. The commercial agreements will secure Trentyre's rights to continue operating as the distributor and retailer of Goodyear products, as well as operating as an authorised Arctic retreader in Namibia.

The board has conducted a detailed due diligence of Trentyre and has concluded that the acquisition thereof (i) falls within the vision and mission of the Nictus Group, (ii) is a sound business investment and (iii) has the potential to prompt synergies with some or all of the existing trading companies forming part of the Nictus Group.

The acquisition of Trentyre by Nictus will also see ownership of a foreign owned business, operational in Namibia, vest in Nictus, a truly Namibian company trading as such on the NSX.

**2. INFORMATION RELATING TO NICTUS AND TRENTYRE**

**Nictus**

**a. Background to Nictus**

Nictus was incorporated and registered in South Africa, as Multiflor Limited on 11th January 1962 and elected, in accordance with the law at that time, to be registered as a public company in Namibia on 13 October 1978 under registration number 1962/1735. Multi-Flor changed its name to Nictus Holdings Limited in March 2009.

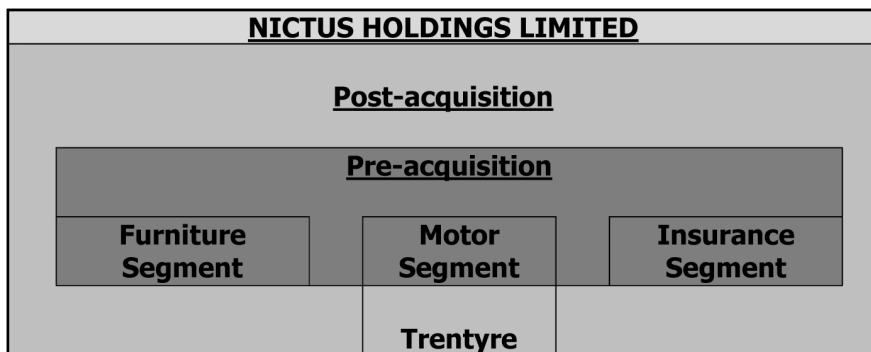
On 21 September 2012 Nictus successfully unbundled from its then South African

parent company, Nictus Limited (listed on the Johannesburg Stock Exchange and secondary listed on the NSX), and went on to list on the NSX. The listing aligned with the board's strategic view to enable Nictus to embark on its own Namibian-orientated strategy and grow within its regulatory and commercial environment.

**b. Group structure**

Currently, Nictus consists of three business segments, namely, the furniture segment, the motor segment and the insurance segment. Trentyre will be incorporated into the motor segment following the successful implementation of the acquisition of thereof.

The Nictus group structure is set out below:



**c. Nature of business**

Nictus is the holding company of a group of companies, which retail automobiles, furniture and provides financial and insurance services in Namibia. Since 1945, the trading name Nictus has become a household name in the furniture business in Namibia. Nictus, through its subsidiary, Auas Motors (Pty) Ltd, also operates the General Motors ("GM") franchise throughout the whole of Namibia. The financial services division of the Nictus Group is operated through Corporate Guarantee and Insurance Company of Namibia Limited, which brings a unique approach to short term insurance through the alternative risk transfer model.

**d. Strategy**

Nictus will continue to actively implement the Nictus Group's vision statement of being an independent, diversified investment holding group, which creates above average value for its shareholders and other stakeholders through sustainable growth. "Taking action with a strategic focus" is the motto of the Nictus Group and lies at the very core of the Nictus Group's mission statement.

**Trentyre**

**1. Background and nature of business**

Trentyre is one of the largest tyre service providers in Namibia and was established in 1986. It sells and manufactures new multi-brand tyres, retreaded tyres, wheels and allied services to cater for its customer needs. Trentyre's objective is to minimise the tyre operation cost per kilometre/hour for customers by providing a full package of products and services and ensuring maximum tyre life, safety and fleet efficiency.

It is known as the pioneer and innovator of the “Total Service Package” to all truck, mining and construction groups in Namibia.

Trentyre conducts its business via an extensive countrywide branch and retread factory network, on-site facilities and a 24/7 after hour services. All major vendors of Trentyre are entrenched within the global Goodyear Group, which ensures business continuity and consistency in the quality of product.

Trentyre further boasts four fuelling stations, strategically positioned throughout Namibia, which brings another value chain to the table.

### **3. RATIONALE FOR THE TRANSACTION**

The board has conducted a detailed due diligence of Trentyre and has concluded that the acquisition thereof (i) falls within the vision and mission of the Nictus Group, (ii) is a sound business investment and (iii) has the potential to form synergies with some or all of the existing trading companies forming part of the Nictus Group.

The acquisition of Trentyre by Nictus will also see the transfer of a foreign owned business, operating in Namibia, vest in the ownership of Nictus, a truly Namibian company trading as such on the NSX. Since the transaction is a share purchase, employees and management will remain intact as is and stakeholder relations will continue unaffected, which in turn will ensure business continuity.

Following the successful listing of Nictus on the NSX on 21 September 2012, the board considers the acquisition to flow from a renewed strategic focus on the Namibian economy, resulting in a more dynamic approach. Nictus’ management focus remains on the optimisation of returns in all segments and the enhancement of shareholders’ equity.

As part of the investment decision, due consideration was given to the immoveable property owned by Trentyre which comprise a significant portion of the consideration paid.

The unaudited pro forma statement of financial position, statement of comprehensive income and earnings per share effect is shown in Annexure 1 of this circular.

### **4. NAMIBIAN LAW**

All transactions arising from the provisions of this circular shall be governed by and subject to the laws of Namibia.

### **5. JURISDICTION**

The distribution of this circular in jurisdictions other than Namibia may be restricted by law and failure to comply with any of those restrictions may constitute a violation of the laws of any such jurisdiction. In such circumstances, this circular is issued for information purposes only.



## **6. UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The unaudited pro forma financial effects, consolidated statement of comprehensive income and consolidated statement of financial position are set out in Annexure 1 hereunder for illustrative purposes only to illustrate the effects of the proposed transaction on the group's results and financial position. Due to the nature of the unaudited pro forma financial information, it may not give a realistic picture of the group's financial results and position after the acquisition. The preparation of the unaudited pro forma financial information is the responsibility of the directors. The reporting accountants' report on the unaudited pro forma financial information is attached as Annexure 2.

## **7. GROUP PROSPECTS**

### **Nictus**

Both the furniture and the motor segments have, over decades, established themselves in Namibia. The focus in these two segments remains on the increasing of their footprint in Namibia. Both segments feature new state of the art premises in Ongwediva in order to establish presence in all Namibia's main economic regions.

The insurance segment will continue to provide unique insurance solutions to its clients. Service excellence and creation of innovative insurance solutions will remain the key to enhance our insurance brand.

### **Trentyre**

The experience of working with a global company in the motor segment will be of immense value in the implementation of the distributor role of Goodyear products in Namibia.

In all the existing segments the primary focus remains business growth and expansion within the Namibian market. The directors are confident that the Trentyre footprint in Namibia supports the existing motor segment footprint throughout Namibia and that Trentyre is well positioned to align with the Nictus philosophy that all segments should contribute equally to the profitability of the Nictus Group. Accordingly the board is convinced that Trentyre will continue its current profitable trend.

### **General**

In the directors' opinion this transaction will strengthen the statement of financial position of Nictus and enhance shareholder equity on both the capital and income streams.

## **8. LITIGATION STATEMENT**

There are no material legal or arbitration proceedings outside the ordinary course of business against Nictus or Trentyre, nor so far as Nictus or Trentyre is aware, are there any legal or arbitration proceedings pending or threatened against Nictus or Trentyre which may have or which had in the 12 months preceding the date of this Circular, a significant effect on their respective financial positions.

## **9. DETAILS OF MATERIAL LOANS**

The details of Nictus and Trentyre's material loans are attached as Annexure 3.

## 10. OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES

There are no contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any shares in the Company or its subsidiaries.

## 11. LOANS RECEIVABLE

Save for inter-company loans from Nictus to its subsidiaries, no material loans are outstanding from third parties.

## 12. STATEMENT ON WORKING CAPITAL

The board of directors of Nictus is of the opinion that the working capital resources of Nictus are sufficient for the Company's current requirements over the next twelve months and will continue to be sufficient after the proposed transaction.

## 13. MAJOR SHAREHOLDERS

Set out below are the names of those shareholders who hold more than 5% of the shares at the date of the proposed transaction.

	<b>Number of shares</b>	<b>Percentage of issued shares (%)</b>
NC Tromp	25 418 910	47.56
Ultra Investments	2 909 449	5.44
KCB Trust	3 670 000	6.87
MRT Trust	5 200 000	9.73
	<u>37 198 359</u>	<u>69.60</u>

## 14. MATERIAL CHANGES

Nictus will acquire 100% of all the shares in Trentyre, from Magister in one indivisible transaction. Nictus will further enter into the commercial agreements with Goodyear.

Since the transaction is a share purchase, employees and management will remain intact as is and stakeholder relations will continue unaffected.

## 15. DIRECTORS' EMOLUMENTS

The directors' emoluments for the year ended 31 March 2013 are reflected below:

<b>Executive (Directors', management and consulting fees: Holding company and subsidiaries)</b>	<b>N\$'000</b>
NC Tromp	3 873
FR van Staden	2 294
JJ Retief	1 320
PJ De W Tromp	1 504
WO Fourie	979
	<hr/>
	9 970
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## 16. DIRECTORS

Directors are appointed at the annual general meeting for a period of three years.

Directors' *curriculum vitae* are included in the Nictus integrated annual report which is available for inspection at the registered offices of the Company.

## 17. DIRECTORS' INTERESTS IN SHARES

Other than as set out below, none of the directors of the Company has any direct or indirect beneficial or non-beneficial interest in Nictus' shares.

<b>Director</b>	<b>Number of shares held</b>	<b>Percentage held %</b>
NC Tromp	25 418 910	47.56
FR van Staden	1 304 190	2.44
JJ Retief	1 004 178	1.88
WO Fourie	941 144	1.76
PJ de W Tromp	1 206 984	2.26

## 18. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are set out under the heading *Corporate Information and Advisers*, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief:

- there are no facts, the omission of which would make any statement false or misleading;
- they have made all reasonable enquiries to ascertain such facts; and
- that this circular contains all information required by law and the NSX Listings Requirements.

## 19. DIRECTORS' INTEREST IN TRANSACTIONS

As at the date of publication of this circular, Nictus was not aware of any of its directors having interests in any transactions that it was involved in during the current and immediate preceding financial year, nor any other financial year, which remain outstanding.

## 20. MATERIAL CONTRACTS AND CAPITAL COMMITMENTS

No material contracts, being a contract entered into otherwise than in the ordinary course of business, were entered into by Nictus or Trentyre during the 24 months preceding this circular.

Brief explanatory notes pertaining to the commercial agreements are detailed in Annexure 4.

As at 31 March 2013 the directors approved, but have not yet contracted, capital commitments of N\$80 million and approved and contracted an additional amount of N\$16 million. The committed expenditures relate to property and will be financed by internal funds when incurred. The completion date for contracted capital expenditure was November 2013.

## 21. CONSENTS

The auditor and reporting accountants, transfer secretaries and sponsors have consented in writing to act in the capacity stated and to their names being stated in this circular and have not withdrawn their consents prior to the issue of this circular.

## 22. COSTS

The expenses, including VAT, related to the issue of this circular set out below:

	<b>Payable to</b>	<b>N\$</b>
Sponsor fees	SSS	35 000
Auditor and reporting accountant fees	SGA	43 500
Printing and other	John Meinert Printing	10 000
<b>Total</b>		<b>88 500</b>

## 23. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Nictus and the Transfer Secretaries during normal business hours from 08h00 to 17h00, from 7 January 2014 until 10 January 2014:

- the memorandum and articles of association of Nictus;
- all material contracts;
- latest valuation of erf 1610, Windhoek (immovable property owned by Trentyre);

- the signed reporting accountants report as reproduced in Annexure 2;
- the consents of the auditor and reporting accountants, transfer secretaries and sponsors to their names being mentioned in this Circular and to act in the capacities stated;
- a copy of this Circular; and
- copies of audited financial statements of Nictus.

By order of the board

**NICTUS HOLDINGS LIMITED**

Windhoek

13 December 2013

## UNAUDITED PRO FORMA FINANCIAL INFORMATION OF NICTUS HOLDINGS LIMITED

### Unaudited Pro Forma Statement of Comprehensive Income

	Historical information Nictus	Historical information Trentyre	Adjustments – Revaluation of properties	Adjustments – Acquisition adjustment	After the acquisition
	Pro forma	Pro forma	Pro forma	Pro forma	Pro forma
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Revenue	462,771	269,821	-	-	732,592
Cost of sales	(376,215)	(220,009)	-	-	(596,224)
<b>Gross profit</b>	<b>86,556</b>	<b>49,812</b>	<b>-</b>	<b>-</b>	<b>136,368</b>
Other income	6,032	1,212	-	16,813	24,057
Operating expenses	(74,167)	(2,453)	-	-	(76,620)
Investment income from operations	11,378	-	-	-	11,378
Administrative expenses	(41,538)	(41,401)	-	-	(82,939)
<b>Results from operating activities</b>	<b>(11,739)</b>	<b>7,170</b>	<b>-</b>	<b>16,813</b>	<b>12,244</b>
Investment income	7,376	185	-	-	7,561
Finance expenses	(3,895)	(1,948)	-	-	(5,843)
<b>Profit before taxation</b>	<b>(8,258)</b>	<b>5,407</b>	<b>-</b>	<b>16,813</b>	<b>13,962</b>
Taxation	(1,154)	(1,832)	-	-	(2,986)
<b>Profit for the year</b>	<b>(9,412)</b>	<b>3,575</b>	<b>-</b>	<b>16,813</b>	<b>10,976</b>
<b>Other comprehensive income:</b>					
Gains on property revaluation	-	-	30,229	-	30,229
Income tax on other comprehensive income	-	-	(3,484)	-	(3,484)
<b>Other comprehensive income for the year net of taxation</b>	<b>-</b>	<b>-</b>	<b>26,745</b>	<b>-</b>	<b>26,745</b>
<b>Total comprehensive income</b>	<b>(9,412)</b>	<b>3,575</b>	<b>26,745</b>	<b>16,813</b>	<b>37,721</b>
<b>Profit attributable to:</b>					
Owners of the parent	(9,412)	3,575	-	16,813	10,976
Non-controlling interest	-	-	-	-	-
<b>Total comprehensive income attributable to:</b>					
Owners of the parent	(9,412)	3,575	26,745	16,813	37,721
Non-controlling interest	-	-	-	-	-
<b>Earnings reconciliation</b>					
(Loss)/profit attributable to the owners of the parent	(9,412)	3,575	-	16,813	10,976
Impairment of goodwill	-	-	-	-	-
Gain on property valuation	-	-	-	(16,813)	(16,813)
Gain on sale of property, plant and equipment	(159)	-	-	-	(159)
<b>Headline earnings</b>	<b>(9,571)</b>	<b>3,575</b>	<b>-</b>	<b>-</b>	<b>(5,996)</b>
Headline earnings per ordinary share (cents)	(30.60)	-	-	-	(19.17)
Basic earnings per ordinary share (cents)	(30.09)	-	-	53.75	35.09
Weighted average number of shares (000's)	31,280	-	31,280	31,280	31,280
Number of shares in issue (000's)	53,444	-	53,444	53,444	53,444

## **Notes: - Unaudited Pro Forma Statement of Comprehensive Income**

1. The “Historical information Nictus” column has been extracted, without adjustment, from the audited, historical results of Nictus Holdings Limited for the year ended 31 March 2013.
2. The “Historical information Trentyre” column has been extracted, without adjustment, from the audited, historical results of Trentyre (Namibia) (Proprietary) Limited for the year ended 30 November 2012.
3. The “Adjustments – Revaluation of properties” column relates to the revaluation of the properties held within Trentyre to fair value. The adjustment is required as the current accounting policy of Trentyre is to show property at cost less accumulated depreciation while the Nictus Holdings Limited policy is to account for property at fair value. The effect of the deferred taxation was calculated based on a split between fair value for land and for buildings. No deferred tax liability was raised in respect of the revaluation on the value of land.
4. The “Adjustments – Acquisition Adjustment” column relates to the gain on the acquisition where assets at fair value exceed the liabilities at fair value after taking into consideration the revaluation detailed in note 3.

## Unaudited Pro Forma Statement of Financial Position

	Historical information Nictus	Historical information Trentyre	Adjustments – Revaluation of properties	Adjustments – Other	After the acquisition
	Pro forma NS'000	Pro forma NS'000	Pro forma NS'000	Pro forma NS'000	Pro forma NS'000
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>331,844</b>	<b>7,699</b>	<b>30,229</b>	<b>-</b>	<b>369,772</b>
Property, plant and equipment	145,539	5,516	30,229	-	181,284
Intangible assets	689	-	-	-	689
Investments	19,267	-	-	-	19,267
Deferred tax assets	5,968	2,183	-	-	8,151
Loans and receivables	160,381	-	-	-	160,381
<b>Current assets</b>	<b>582,598</b>	<b>56,577</b>	<b>-</b>	<b>( 46,472)</b>	<b>592,703</b>
Inventories	65,306	23,368	-	-	88,674
Investments	4,558	-	-	-	4,558
Current tax receivable	28	334	-	-	362
Trade and other receivables	239,002	20,602	-	-	259,604
Cash and cash equivalents	273,704	12,273	-	( 46,472)	239,505
<b>Total assets</b>	<b>914,442</b>	<b>64,276</b>	<b>30,229</b>	<b>( 46,472)</b>	<b>962,475</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>	<b>79,264</b>	<b>24,568</b>	<b>26,745</b>	<b>( 34,500)</b>	<b>96,077</b>
Share capital	129	-	-	-	129
Reserves	58,749	24,568	26,745	( 34,500)	75,562
Retained earnings	20,386	-	-	-	20,386
<b>Non-current liabilities</b>	<b>17,709</b>	<b>4,129</b>	<b>3,484</b>	<b>-</b>	<b>25,322</b>
Interest bearing loans and borrowings	4,989	4,129	-	-	9,118
Deferred tax liabilities	12,720	-	3,484	-	16,204
<b>Current liabilities</b>	<b>817,469</b>	<b>35,579</b>	<b>-</b>	<b>( 11,972)</b>	<b>841,076</b>
Bank overdraft	21,234	-	-	-	21,234
Interest bearing loans and borrowings	52,014	12,804	-	( 11,972)	52,846
Insurance contract liability	700,269	-	-	-	700,269
Trade and other payables	41,509	22,775	-	-	64,284
Provisions	2,443	-	-	-	2,443
<b>Total equity and liabilities</b>	<b>914,442</b>	<b>64,276</b>	<b>30,229</b>	<b>( 46,472)</b>	<b>962,475</b>
Net asset value per share (cents)	148.31		50.04	( 64.55 )	179.77
Net tangible asset value per share (cents)	135.86		50.04	( 64.55 )	163.23
Number of shares in issue ('000)	53,444		53,444	53,444	53,444



## Notes: - Unaudited Pro Forma Statement of Financial Position

1. The “Historical information Nictus” column has been extracted, without adjustment, from the audited, historical results of Nictus Holdings Limited for the year ended 31 March 2013.
2. The “Historical information Trentyre” column has been extracted, without adjustment, from the audited, historical results of Trentyre (Namibia) (Proprietary) Limited for the year ended 30 November 2012.
3. The “Adjustments – Revaluation of properties” column relates to the revaluation of the properties held within Trentyre to fair value. The adjustment is required as the current accounting policy of Trentyre is to show property at cost less accumulated depreciation while the Nictus Holdings Limited policy is to account for property at fair value. The effect of the deferred taxation was calculated based on a split between fair value for land and for buildings. No deferred tax liability was raised in respect of the revaluation on the value of land.
4. The “Adjustments – Acquisition Adjustment” column relates to the payment in terms of the share purchase agreement of 100% shareholding in Trentyre Namibia. The shares will be acquired for N\$34 500 000 and the loan to the value of N\$ 11 972 000 to Magister Limited will be paid in full from cash resources available in Trentyre.
5. The adjustments detailed in note 3 above will have a continuing effect on the post-acquisition Nictus’ Statement of Financial Position.

Shareholders should take note that the accounting periods used in the pro forma financial information are not the same for Nictus and Trentyre. In both instances the latest available audited financial statements were used. For Nictus the financial audited results used was 31 March 2013 and for Trentyre 30 November 2012. The directors are of the opinion that audited results will reflect the essence of the transaction for pro forma illustrative purposes.

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# INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF NICTUS HOLDINGS LIMITED

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13 December 2013

The Directors  
Nictus Holdings Limited  
17 Luderitz Street  
Windhoek  
Namibia

Dear Sirs

## **INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED PROFORMA FINANCIAL INFORMATION OF NICTUS HOLDINGS LIMITED**

### **INTRODUCTION**

We have performed our limited assurance engagement in respect of the pro forma financial information set out in Annexure 1 of the circular to Nictus shareholders, dated 13 December 2013. The circular is to be issued in connection with the proposed acquisition of a Namibian business by Nictus Holdings Limited. The pro forma financial information has been prepared in accordance with the requirements of the Namibian Stock Exchange Listing Requirements ("NSX Listing Requirements"), for illustrative purposes only, to provide information about how the acquisition might have affected the reported historical financial information presented, had the acquisition been undertaken at the commencement of the period or at the date of the pro forma statement of financial position being reported on. Because of their nature, the pro forma financial information may not fairly present the financial position of Nictus Holdings Limited after the proposed acquisition.

### **DIRECTOR'S RESPONSIBILITY**

The directors are solely responsible for the compilation, contents and presentation of the pro forma financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the pro forma financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Nictus Holdings Limited; and the pro forma adjustments are appropriate for the purposes of the pro forma financial information disclosed in terms of the NSX Listings Requirements.

### **REPORTING ACCOUNTANT'S RESPONSIBILITY**

Our responsibility is to express our limited assurance conclusion on the pro forma financial information included in the circular to Nictus Holdings Limited shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by SAICA and adopted by ICAN.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

#### **SOURCES OF INFORMATION AND WORK PERFORMED**

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the pro forma adjustments in light of the accounting policies of Nictus Holdings Limited, considering the evidence supporting the pro forma adjustments and discussing the adjusted pro forma financial information with the directors and management of the company in respect of the corporate action that is the subject of this circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors and management of Nictus Holdings Limited.

While our work performed has involved an analysis of the historical published unaudited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing or International Standards on Review Engagements* and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

#### **CONCLUSION**

Based on our procedures nothing has come to our attention that causes us to believe that:

- the pro forma financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Nictus Holdings Limited; and
- the adjustments are not appropriate for the purposes of the pro forma financial information as disclosed pursuant to Section 8.30 of the NSX Listings Requirements.

Yours faithfully



SGA

Chartered Accountants and Auditors (Namibia)

Per: G Swart  
Partner

Windhoek... Namibia  
13 December 2013

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**DETAILS OF MATERIAL LOANS**


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**Material loans of Nictus at 31 March 2013**

<b>Description</b>	<b>Balance outstanding</b>
Wesbank new vehicle finance	N\$ 29 028 000
Veritrust (Pty) Ltd	N\$ 20 064 000
Nedbank Limited	N\$ 7 911 000

***Wesbank new vehicle finance***

The floorplan facility is from Wesbank, a division of First National Bank of Namibia Limited, for Opel, Isuzu and Chevrolet units. These units are to be paid for within 180 days from the date of payment by First National Bank to General Motors South Africa (Pty) Ltd or within 48 hours after being sold, whichever occurs first. There is an interest free period of 21 days (2012: 21 days). Should a unit be sold within the interest free period, that unit must be settled within or on expiry of the interest free period. Interest is calculated at prime overdraft rate less 1.0% per annum, provided that a market share of at least 40% is maintained by Wesbank, otherwise the interest rate will change to prime rates. The facility is subject to annual review and is denominated in Namibia Dollars.

***Veritrust (Pty) Ltd***

The loan from Veritrust (Pty) Ltd is unsecured. The loan is repayable on demand bearing interest at Standard Bank of Namibia Limited prime overdraft rate.

***Nedbank Limited***

The loan is due to a reciprocal agreement with Nedbank Namibia Limited and is unsecured. The loans bear interest at Namibian prime overdraft rate less 1,5%.

**Material loans of Trentyre at 30 November 2012**

<b>Description</b>	<b>Balance outstanding</b>
Commercial Property Loan	N\$ 2 312 783
Instalment sale agreements	N\$ 2 693 061

***Commercial Property Loan***

The Commercial Property Loan bears interest at the prime interest rate in Namibia less 1% and is a 60 months amortised loan. The loan is secured by a first covering mortgage bond of N\$10m over erf 1610 Windhoek, cession of book debts and a cession of fire policy with Mutual & Federal Insurance Company Limited.

***Installment sale agreement***

Instalment sale agreements at Standard Bank Namibia Limited bears interest at 7.75% and are secured by underlying assets of the instalment sale.

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**DETAILS OF MATERIAL CONTRACTS**

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**1. NON-EXCLUSIVE DISTRIBUTION AGREEMENT between GOODYEAR SOUTH AFRICA (PTY) LTD and TRENTYRE (NAMIBIA) (PTY) LTD**

Goodyear appoints Trentyre as its independent non-exclusive distributor in Namibia. Therewith Goodyear authorises Trentyre to purchase Goodyear products from Goodyear and resell the Goodyear products to its customers in Namibia.

Trentyre further undertakes to provide tyre-related on-site services to Goodyear clients in Namibia.

The agreement shall continue in force for an initial period of ten years, with an automatic renewal for a further period of five years, provided that Goodyear may, in its sole discretion terminate the agreement after the initial 10 year period.

**2. RETAIL OUTLET AGREEMENT between GOODYEAR SOUTH AFRICA (PTY) LTD and TRENTYRE (NAMIBIA) (PTY) LTD**

Goodyear is the holder of certain trademarks and trade names for activities related to tyre retail sale and related associated services, as well as retreading of commercial tyres. Trentyre is afforded the right and licence to use the said trademarks and to conduct business, as set out in the commercial agreements, under the trade name of Trentyre and to use certain Goodyear trademarks.

The agreement shall continue in force for an initial period of ten years, with an automatic renewal for a further period of five years, provided that Goodyear may, in its sole discretion terminate the agreement after the initial 10 year period.

**3. RETREAD AGREEMENT between GOODYEAR SOUTH AFRICA (PTY) LTD and TRENTYRE (NAMIBIA) (PTY) LTD**

Goodyear pursues, amongst others, activities of production and sale of consumables, including treads for light truck and truck pre-cure tyre retreading under the Arctic trademark. The agreement appoints Trentyre as an independent Arctic approved retreader of light truck and truck tyres in Namibia and also sets out the terms and conditions for the purchase of consumables in order to conduct retreading business.

The agreement shall continue in force for an initial period of ten years, with an automatic renewal for a further period of five years, provided that Goodyear may, in its sole discretion terminate the agreement after the initial 10 year period.

