Nictus Holdings Integrated Annual Report

2017

NICTUS HOLDINGS LIMITED

*"Taking action
with a strategic focus."*

Content

The Nictus Philosophy

Nictus has been very successful in change initiatives. The challenge remains to reach a top level of **EXCELLENCE** throughout the organisation.
The philosophy and core focus will be to drive **EXCELLENCE** in every aspect of the organisation and through this establish Nictus as a leading entity.

VISION

Nictus is an independent diversified investment holding group that creates above average value for shareholders and other stakeholders through sustainable growth.

MISSION

With a culture of excellence and through a visionary and dynamic leadership we will achieve our vision through:

- Protecting our independence
- Expanding our business base throughout Namibia
- Growing a satisfied customer base
- Optimising all resources
- Being innovative and technology driven
- Being the preferred employer

CORE VALUES

- Individual and collective ownership
- Teamwork
- Respect
- Adaptability
- Integrity
- Transparency
- Fanatic discipline

CODE OF CONDUCT

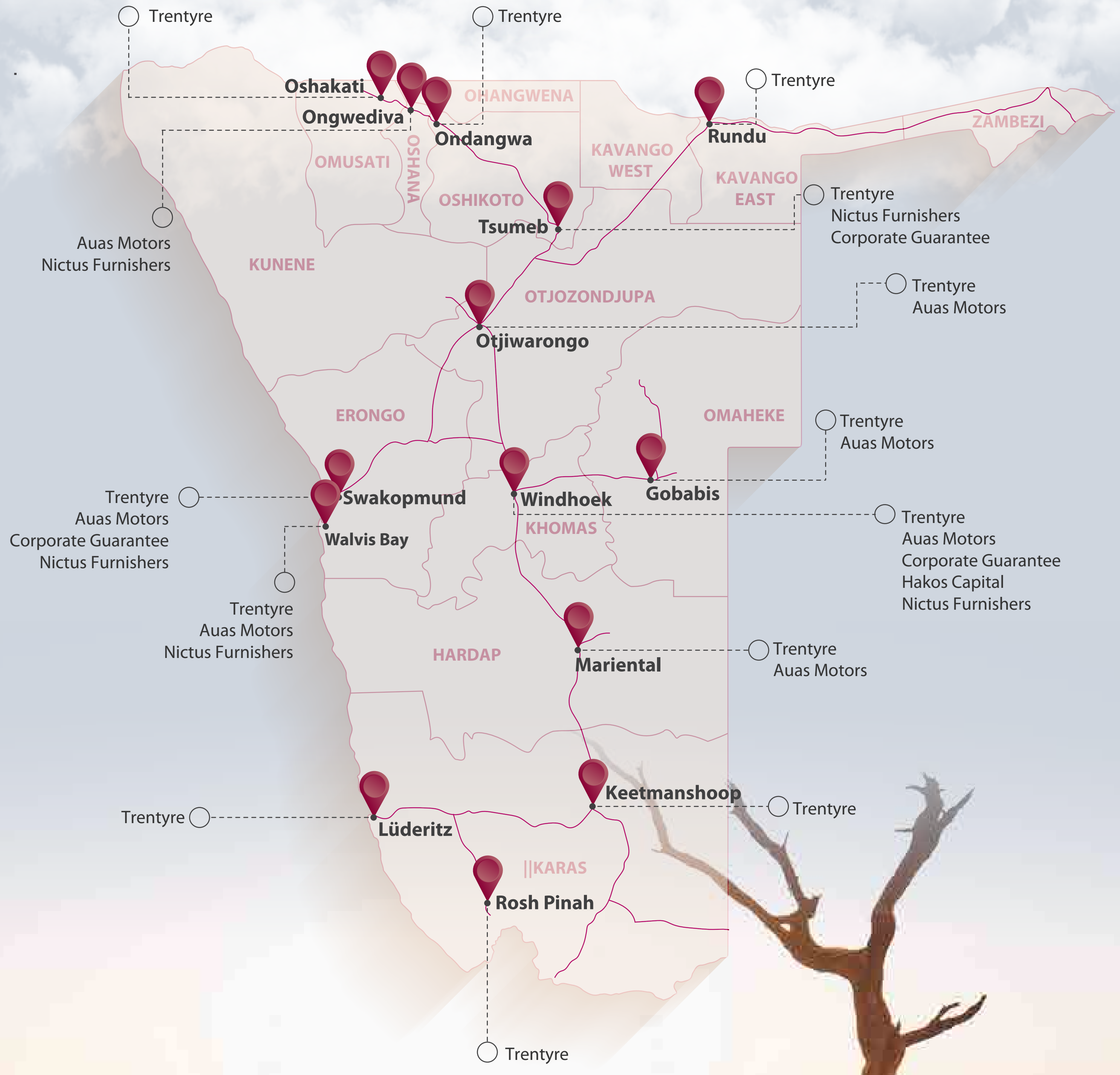
I will,

- Treat others as I want to be treated by them, the golden rule.
- Always strive to do what is best for my Group, my country and my planet.
- Abide by the values, policies and procedures of the Group, the laws of my country and the universal human principles of all that is good and just.
- Be honest, reliable, fair, and open in everything I say, write and do and accept responsibility for the consequences.
- Protect the Group's assets, information and reputation.
- Value and respect the diversity of beliefs, cultures, convictions and habits of the people of our Group and the countries in which we operate.
- Disclose to the Group any real or perceived situations where my private interests or the interests of the members of my immediate or extended family or other persons close to me that may interfere with the interests of the Group.
- Not give or receive gifts or benefits in contravention of the policies of the Group and no gift, irrespective of the value, should influence me to change my business decision to the detriment of the Nictus Group.
- Seek new, better and more innovative ways to do my work and perform to the utmost of my abilities.
- Not remain silent in the face of dishonesty, malice, disrespect, intolerance or injustice.

Please visit our website
www.nictusholdings.com

Exceptional wealth creator

Operations Footprint



Group Structure

PROPERTY SEGMENT

- Acacia Properties (Pty) Ltd
- Bel Development (Pty) Ltd
- Bonsai Investments Nineteen (Pty) Ltd
- Grenada Investments Two (Pty) Ltd
- Hochland 7191 (Pty) Ltd
- Isuzu Truck (Namibia) (Pty) Ltd
- Marulaboom Properties (Pty) Ltd
- Mopanie Tree Properties (Pty) Ltd
- Nictus Eiendomme (Pty) Ltd
- Rubber Tree Properties (Pty) Ltd
- Werda Weskusontwikkeling (Pty) Ltd
- Willow Properties (Pty) Ltd
- Yellow Wood Properties (Pty) Ltd

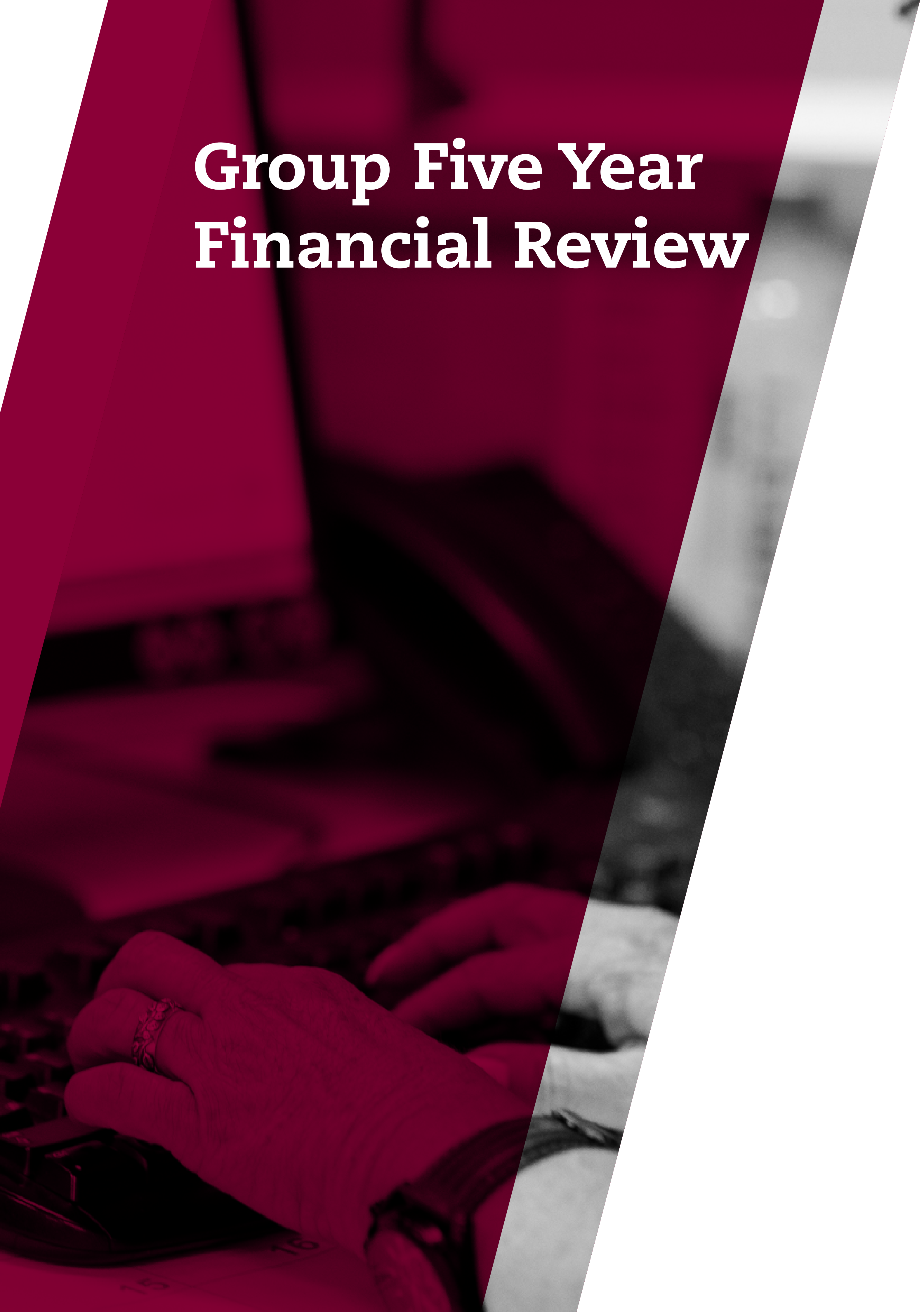
RETAIL SEGMENT

- Auas Motors (Pty) Ltd
- Nictus (Pty) Ltd
- Khomas Car Rental & Leasing (Pty) Ltd
- NHL Tyre & Tire (Pty) Ltd

INSURANCE & FINANCE SEGMENT

- Corporate Guarantee & Insurance Company of Namibia Limited
- Futeni Collections (Pty) Ltd
- Karas Securities (Pty) Ltd
- Hakos Capital & Finance (Pty) Ltd

Group Five Year Financial Review



Group Five Year Financial Review

Statements of Financial Position

Figures in Namibia Dollar thousand	2017	2016	2015	2014	2013
Assets					
Non-current assets	781 940	545 606	561 649	451 404	331 844
Current assets	869 419	1 068 481	804 180	732 808	582 598
Assets of disposal groups held for sale	-	2 990	-	-	-
Total assets	**1 651 359**	**1 617 077**	**1 365 829**	**1 184 212**	**914 442**
Liabilities					
Non-current liabilities	159 973	130 592	45 646	44 273	54
Current liabilities*	1 326 041	1 329 388	1 186 498	1 032 861	54
Liabilities of disposal groups held for sale	-	1 635	-	-	-
Total liabilities	**1 486 014**	**1 461 615**	**1 232 144**	**1 077 134**	**835 178**
Equity					
Stated capital	129	129	129	129	129
Total non-distributable reserves	74 318	74 318	74 817	68 989	58 749
Retained income	90 898	81 015	58 739	37 960	20 386
Total equity	**165 345**	**155 462**	**133 685**	**107 078**	**79 264**
Total equity and liabilities	**1 651 359**	**1 617 077**	**1 365 829**	**1 184 212**	**914 442**

Statements of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar thousand	2017	2016	2015	2014	2013
Revenue	972 001	930 615	1 041 436	725 276	462 771
Cost of sales	(745 746)	(725 855)	(847 252)	(591 441)	(376 215)
Gross profit	**226 255**	**204 760**	**194 184**	**133 835**	**86 556**
Other income	51 590	44 533	44 582	37 963	17 411
Other operating expenses	(246 160)	(217 877)	(199 005)	(140 694)	(115 706)
Operating profit / loss	**31 685**	**31 416**	**39 761**	**31 104**	**(11 739)**
Investment Income	6 471	4 359	2 592	6 380	7 376
Finance costs	(16 370)	(8 638)	(8 731)	(7 852)	(3 895)
Gain on non-current assets held for sale or disposal groups	-	3 314	-	-	-
Profit / loss before taxation	**21 786**	**30 451**	**33 622**	**29 632**	**(8 258)**
Taxation	(2 283)	(2 446)	(4 865)	(5 083)	(1 154)
Profit / loss for the year	**19 503**	**28 005**	**28 757**	**24 549**	**(9 412)**

* Included in current liabilities is the insurance contract liability (refer Note 19). Premiums received under this liability are invested in terms of the Insurance Acts enacted in Namibia with the result that certain investments are of a long term nature.

Group Five Year Financial Review (continued)

Figures in Namibia Dollar thousand	2017	2016	2015	2014	2013
Per share data					
Earnings / (loss) per share	36,49	52,40	53,81	45,93	(30,09)
Headline earnings / (loss) per share	29,98	49,90	52,66	6,85	(30,60)
Dividend per share (cents)	18,00	18,00	15,00	-	56,13
Net worth per share (cents)	309,38	290,89	250,14	200,36	148,31

Financial ratios

Liquidity ratios					
Current ratio	0,66	0,80	0,67	0,71	0,71
Liability ratio	7,58	7,94	8,88	8,68	9,56
Borrowing ratio	0,87	0,85	0,55	0,88	0,91
Dividend cover (times)	1,67	2,77	3,51	-	(0,32)
Profitability and asset management					
Net operating profit to turnover (%)	3,93	4,20	4,04	5,17	(0,94)
Return on shareholders' equity (%)	11,80	18,01	21,51	22,93	(11,87)
Return on assets managed (%)	9,60	12,18	18,17	18,36	(2,36)
Net asset turn (times)	2,45	2,90	4,47	3,55	-
Debt leverage					
Interest cover	2,33	4,53	4,97	477,0	(1,12)
Namibian Stock Exchange performance					
Market price High (cents)	220	240	240	240	250
Market price Low (cents)	200	210	240	240	240
Market price at year end (cents)	200	210	240	240	240
Price earnings ratio	6,67	4,21	4,56	35,04	(7,84)
Earnings yield (%)	14,99	23,76	21,94	2,85	(12,75)
Market capitalisation	106,887	112,231	128,264	128,264	128,264
Volume of shares traded to weighted number of shares ('000 shares)	262	2,472	2,500	2	5,569

Definition of ratios & terms

1. EARNINGS PER SHARE
Profit or loss for the year after adjusting for outside shareholders' interest, divided by the weighted average number of shares in issue during the year.

2. WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE DURING THE YEAR
The number of shares determined by relating the number of days within the year that a particular number of shares have been entitled to share in earnings to the total number of days in the year.

3. HEADLINE EARNINGS PER SHARE
Headline earnings divided by the weighted average number of shares in issue during the year.

4. DIVIDENDS PER SHARE
Dividends for the year divided by the number of shares in issue at the date of each dividend declaration.

5. NET WORTH PER SHARE
Equity attributable to equity holders of the parent divided by the number of ordinary shares in issue at year-end.

6. CURRENT RATIO
Current asset to current liabilities.

7. LIABILITY RATIO
The sum of non-current interest-bearing borrowings and current liabilities to total equity and deferred taxation.

8. BORROWINGS RATIO
The sum of current and non-current interest-bearing borrowings to the sum of total equity and deferred taxation.

9. DIVIDEND COVER
Headline earnings divided by ordinary dividends paid in the current year.

10. OPERATING PROFIT TO TURNOVER
Operating profit before financing costs divided by revenue.

11. RETURN ON SHAREHOLDERS' EQUITY
Profit or loss attributable to the equity holders of the parent for the year expressed as a percentage of equity attributable to the equity holders of the parent.

12. RETURN ON ASSETS MANAGED
Operating profit before financing costs expressed as a percentage of average net assets.

13. AVERAGE NET ASSETS
The sum of net assets at the end of the current year and the previous year, divided by two.

14. NET ASSETS
Total assets less non-interest bearing debt and insurance contract liabilities also equivalent to total equity and liabilities plus current interest bearing liabilities.

15. NET ASSET TURN
Revenue divided by average net assets.

16. INTEREST COVER
Operating profit or loss before financing costs divided by financing costs.

17. PRICE EARNINGS RATIO
Market price at year end to headline earnings per share.

18. EARNINGS YIELD (%)
Headline earnings per share to market price at year end.

Board Of Directors

Board of Directors

PJ de W Tromp

- B.Econ, EDP: USB, SMP: USB
- Years of Service: 14 years
- Group Managing Director (appointed 4 April 2017)
- Member: Investment Committe
- Chairman: IT Committee
Executive Committee

FR van Staden

- CA (SA), CA (NAM)
- Years of Service: 23 years
- Executive Director
- Chairman: Risk Committee
- Member: Audit Committee

NC Tromp

- B.Com
- Years of Service: 43 years
- Non-executive & Strategic Director (appointed 1 April 2017)
- Chairman: Investment Committee
- Member: Executive Committee

WO Fourie

- CA (SA), CA (NAM)
- Years of Service: 10 years
- Executive Director
- Managing Director: Corporate Guarantee and Insurance Company
- Member: Investment Committee
Risk Committee
IT Committee
Executive Committee

Gerard Swart

- CA (SA), CA (NAM)
- Years of Service: 1 year
- Independent non-executive Chairman (appointed 4 April 2017)

JJ Retief

- B.Compt
- Years of Service: 21 years
- Executive Director
- Managing Director: Nictus Furnishers
- Member: Risk Committee

John D Mandy

- CA (NAM), FCIS
- Years of Service: 1 year
- Independent non-executive director
- Chairman: Audit Committee

GR de V Tromp

- CA (SA), CA (NAM)
- Years of Service: 2 years
- Non-executive Director
- Member: Audit Committee

Chairman's Report

"The 2017 financial year for the Nictus group of companies has been an exciting, growth driven financial year. "

The 2017 financial year for the Nictus Group of companies has been an exciting growth driven financial year. We commenced with a strong growth strategy filled with new opportunities, but were opposed with two quarters of negative growth and a major slowdown in the economy towards the end of last year. Although this went against the original game plan, we remained optimistic and believe that each impediment has within it an embedded opportunity.

The performance for the financial year under review was anticipated to produce a reduced result on the previous financial year, as our growth strategy had a direct impact on profitability. Given the economic conditions, results were not as projected within this strategy, but we are thankful and proud of what was achieved. The current situation gave us the opportunity to have a renewed focus on our business units, realign them for the challenges ahead and to implement more effective and efficient operations in order to face these challenges.

RETAIL SEGMENT

The retail segment was under pressure for the year and did not perform as anticipated. With the slowdown in the economy and government and consumer spending that declined significantly towards the end of the year, it had a direct effect on our operations.

In retail the furniture element performed above expectations after the successful launch and opening of the Giga store in October 2016. This store, the largest in Namibia, contributed to the Group's revenue increasing but also contributed to the increase in operating costs with additional staff, security and depreciation costs. Similarly, the finance of the building nearly doubled the finance costs.

The furniture retail performed above expectations in these circumstances. This was due to an increased market share that was obtained in the period under review. Growing market share always comes at a cost, but we are comfortable with the results that were obtained during the less favourable circumstances. We are optimistically excited for the year to come.

The motor division experienced some major challenges this year again, as it was the second year that the motor industry decreased in excess of 20% year on year. In spite of these conditions, we managed to grow our market share in the sectors we are represented. We had a few initiatives that supported us during the year, but the challenge for the coming year is to embark on new creative initiatives that will lead us to prosperity.

General Motors South Africa (GM) has subsequent to year end decided to withdraw from Southern Africa by 31 December 2017, which mainly affects the Chevrolet brand, after a presence of 90 years. GM also sold the Opel brand to the PSA group internationally. Isuzu Trucks who has been operating the truck franchise separately for the past ten years will take over the vehicle distribution facilities with effect from 1 January 2018 and will change their name to Isuzu Motors South Africa (IMSA). Although they announced that the current dealership footprint will be reduced with 30%, it will not affect Namibia as we were offered to continue with our current dealership structure. We were anticipating this move and are very excited, as we can have a more focussed approach to retailing, servicing and distributing the Isuzu brand.

The tyre industry was also under pressure within the current conditions. Although not delivering as anticipated, I believe we have made some good grounds in redefining the future of tyres and that we will start to reap the benefits of the structural plans that are to be implemented in the first half of the new financial year.

PROPERTY SEGMENT

We undertook a few projects that substantially grew our property portfolio over the last few years, with the drive to build custom outlets in accordance with our own needs. The property division rendered a solid performance, in spite of the fact that we are still in the early stages of development and that it takes a few years for a newly built property to render a positive cash flow.

With the current economic environment, we are still consciously venturing into the development and expansion of our property portfolio as we have some development opportunities planned.

INSURANCE & FINANCE SEGMENT

This segment performed well under the conditions. With the slowdown in the economy it was evident that our tailored insurance product came to its right as we observed our customers using it to their benefit. The return on investment was also under pressure and we introduced a renewed focus on optimising our returns in this regard. Premiums written and deals financed were also constrained due to the slowdown, but under the circumstances we are once again satisfied with the results achieved.

CONCLUSION AND PROSPECTS

In our strive for excellence and to be exceptional wealth creators for our stakeholders and the industries we operate in, we always aim at being innovative and retain our commitment to keep to prescribed corporate governance. With this in mind, the board elected Gerard Swart as the incoming independent, non-executive chairman effective 4 April 2017. I was appointed as the managing director of the Group, and fulfill this role from the same date forward.

I would like to take this opportunity to wish Gerard all the best for his term as chairman and thank my fellow directors for the support and persistence during my term as executive chairman of the Group. I am confident that the new structure will enable us to reach exceptional heights.

I am of the opinion that every obstacle presents an opportunity. I am confident that we are geared to see the current economic situation through and consequentially our strategies are aimed at strengthening our position in the sectors we are operating in. We look forward to the challenges and will prosper through sustainable growth.

As part of our corporate responsibility, Nictus Holdings Limited contributed to various activities in Namibia, amongst others were the One Economy Foundation which is a section 21 non-profit organisation which concerns itself with Namibia's dual economy. The Foundation strives to serve as a conduit for transformation by connecting Namibia's formal and informal economies.

I would like to thank my fellow directors, each staff member, supplier, shareholder and stakeholder for their support and efforts during the year. Lastly, I would like to give all the grace to our Heavenly Father for his guidance and protection during the year. All grace and glory is His.

Philippus Tromp
Executive Chairman

Corporate Governance Report

The Board is committed to the highest standards of corporate governance as well as the integrity of the Company's integrated report. We accept the challenge to seek excellence in the establishment of structures and processes to discharge our responsibilities and oversee compliance by constantly comparing ourselves against international best practices throughout the Group.

The Group endorses The NamCode, The Corporate Governance Code for Namibia as required by the NSX, which the Board believes it has achieved throughout the financial year. We report therefore in accordance with the International Financial Reporting Standards (IFRS) and do so in the format of integrated reporting, whilst an absolute compliance to the Companies Act of Namibia and the Namibian Stock Exchange (NSX) Listing Requirements is enshrined in our business moral.

We further acknowledge our responsibility, resulting from our fiduciary duties and duties of care, skill and diligence, to ensure that business within the Group is conducted with transparency, prudence, justice, accountability and integrity.

BOARD OF DIRECTORS

The Board has adopted the ideal future, mission and core values of Nictus and sets an example by actively pursuing to act within the ambit of the code of conduct. The ethical approach is further established with the appointment of its experienced executives, pursuing to achieve sustainable economic, social and environmental performance in a corporate responsible manner. The Board, with the assistance of management, requires all employees to sign the code of conduct as undertaking to conform thereto, thereby creating the awareness amongst employees of the Company's moral and ethical compliance requirements, and cultivating a culture of performance and ethical conduct. The Board believes that a strong ethical culture is key in building strong and lasting stakeholder relationships and an internal talent pool to ensure growth and sustainability through appropriate succession planning.

With the assistance of the Company Secretary, an outsourced function to Veritas Board of Executors (Pty) Ltd, the Board gathers its own insights into the corporate governance of the Group and utilises these insights, together with reports received, to effectively and ultimately take responsibility for the corporate governance of the Group.

Strategy, risk, performance and sustainability, based on an ethical foundation, are all key matters in the integrated business plan of the Company. These factors are examined in detail to determine their individual and combined effects on the business and drive a strategy that will create exceptional value for shareholders and other stakeholders alike.

Directors are required to disclose conflicts of interest and are required to act in the best interest of the Company at all times. Solvency and liquidity are monitored on a daily basis and the going concern analysis of the Company is executed by the Audit Committee. Solvency and liquidity tests are conducted in terms of the Companies Act of Namibia. Business rescue or turnaround mechanisms would be considered by the Board should the Company or any of its subsidaries become financially distressed.

The Chairman of the Board, as from 4 April 2017 is an Independent Non-executive Director. The Managing Directors' (previously the Executive Chairman) mandate is detailed in the business plan, wherein the framework for the delegation of authority is also contained. The Board boasts a spread of skills and a wealth of experience. While the minority of the members of the Board are non-executive the majority of non-executives are independent. The Board is committed to facilitate a balance of authority and power and believes that, in terms of expertise and experience, the optimal composition is achieved. Board decisions are rigorously deliberated and based on the consensus principle.

The appointment of Directors is a formal process which is overseen by the Audit Committee. The induction process is managed by the Chairman and Managing Director with the guidance of the Company Secretary. Directors are exposed to various development programs. Nictus is committed to the appointment of suitably skilled and experienced Directors. Board members are expected to stay abreast with economic, social, statutory and environmental trends and changes within and outside of the Group, to ensure appropriate and timely response to, and compliance with an ever-changing environment.

Internal evaluations of the Board, its Committees and individual Directors are conducted annually and consideration is given to outsource such evaluations as and when the Board deems necessary.

The Board is assisted in fulfilling its duties by well-structured Board Committees and a competent, suitably qualified and experienced Company Secretary. A governance framework exists between the Holding Company and its subsidiary Boards, whilst it has representation on all subsidiary Boards. Board Committees, appropriately constituted, comprise members of the Board and their authority, objectives and functions are governed by clearly defined terms of reference, mandates and charters, subject to annual revision. Board Committees report directly to the Board.

Directors and Executives are remunerated in accordance with the approved remuneration policy. Remuneration is based on a fair and responsible combination of factors, including performance, market research and incentives to ensure long term value for the Group. The Group's remuneration policy is contained in the integrated report and tabled for shareholders' approval at the Annual General Meeting.

THE COMPOSITION OF THE BOARD, ITS COMMITTEES AND ATTENDANCE AT MEETINGS ARE SUMMARISED IN THE FOLLOWING TABLE:

NAME	STATUS	BOARD	AUDIT COMMITTEE	INVESTMENT COMMITTEE	RISK COMMITTEE
PJ de W Tromp	Managing Director	4/4	4/4[2]	√ 6/6	
WO Fourie	Executive	4/4	1/4[3]	√ 6/6	√ 6/6
NC Tromp	Executive	4/4		C √ 6/6	
FR van Staden	Executive	4/4	√ 4/4		C √ 6/6
JJ Retief	Executive	4/4			√ 5/6
GR de V Tromp	Non-Executive	4/4	√ 3/4[4]		
Gerard Swart	Independent Non-Executive Chairman[1]	4/4			
JD Mandy	Independent Non-Executive	4/4	√ C 3/4[5]		

"√" indicates Board Committee membership, "C" indicates Board Committee Chairman. The figures in each column indicate the number of meetings attended out of the maximum number of meetings held.

1 Appointed as Independent Non-Executive Chairman 4 April 2017.
2 Not re-elected as member of the Audit Committee. Attended one meeting as member and three by invitation.
3 Not re-elected as member of the Audit Committee. Attended one meeting as member and Chairman.
4 Elected member of the Audit Committee on the 2016 AGM, subsequently attended 3 meetings.
5 Elected member and Chairman of the Audit Committee on the 2016 AGM, subsequently attended 3 meetings.

AUDIT COMMITTEE

Nictus has an effective Audit Committee which meets at least bi-annually to fulfil its duties. The performance of the Audit Committee is periodically assessed and reviewed by the Board. The Committee is chaired by a suitably skilled and experienced Independent Non-executive Director and further consists of a Non-Executive and Executive Director. The external and internal auditors attend the meetings by invitation.

The Audit Committee assists the Board to fulfil its oversight and reporting responsibilities and provides oversight of the integrated reporting activities to ensure the balance, transparency and integrity of the report. Nictus has developed a combined assurance model which provides a coordinated approach to assurance activities in respect of key risks facing the Company, with oversight by the Audit Committee. A review of the finance function is conducted by the Audit Committee annually in terms of resources, expertise and experience. The Audit Committee reviews the system of internal control and maintains effective working relationships with the Board, management, internal- and external audit.

The Audit Committee is responsible for the appointment, performance assessment and dismissal of the internal auditor, who has an open line of communication with, and unrestricted access to the Committee. Internal audits' coverage plan is risk-based and is approved by the Audit Committee on an annual basis. The internal audit function forms an important part of the risk management process and is considered in the process of compilation of the risk report which is presented to the Board for further evaluation.

The Audit Committee oversees the external audit activities, including the appointment of, the assessment of required qualifications, independence, audit approach and methodology, reporting and performance evaluation of the auditors.

The Audit Committee reports to the Board as well as to the shareholders on how it has discharged its duties.

GOVERNANCE OF RISK

In a continuous effort by the Board to comply with good corporate governance practices, it decided to reinstate the Risk Management Committee during June 2016, with the objectives of overview and monitoring of Nictus' risk management processes. The Risk Committee reports to the Board and Audit Committee on work undertaken in establishing and maintaining the understanding of the risks that need to be addressed and the adequacy of actions taken by management to adequately address such risk areas.

The Board considers and determines the levels of risk tolerance as well as risk appetite during its periodic review of the Group's risk profile. This risk profile determines the ambit within which management are allowed to take on risk-inclined projects. The Board has appointed the Risk Committee to assist in carrying out its risk responsibilities by providing oversight of Nictus' risk management activities.

The Board has delegated the responsibility to design, implement and monitor Nictus' risk management plan to the Group risk management team assisted by the Risk Committee.

Management performs risk assessments on a continual basis and provides regular feedback to the Risk Committee and the Board. A wealth of knowledge and experience of members together with Nictus' framework and risk methodology increase the probability of anticipating unpredictable risks.

Nictus' risk methodology includes the consideration and implementation of appropriate risk responses to identified risks, based on the strategic objectives of the Group.

Risk monitoring is achieved at Nictus through a combination of daily and periodic activities undertaken by management at various levels in the organisation, culminating in the activities of the Group risk management team and Risk Committee, which oversee the risk management process of Nictus.

Assurance regarding the effectiveness of the risk management process is provided by both management and internal audit to the Audit Committee and Board.

INFORMATION TECHNOLOGY ("IT") GOVERNANCE

The Board is responsible for IT governance. The Group's IT manager and consultants provide continuous feedback, through a Director, to the Audit Committee and Board on IT governance matters. An IT Committee monitors and prioritises IT projects from a cross-functional perspective. Policies are established, implemented and its application monitored.

Nictus promotes an ethical IT governance culture and a common IT language. IT is aligned with the performance and sustainability objectives of the Company and Group from a safeguarding, strategic and business process perspective. There are also processes to identify and exploit opportunities to improve performance and sustainability through the use of IT. The Board has delegated responsibility for the implementation of an IT governance framework to management. All IT matters are referred to the Group's IT manager and consultants who advise on the most appropriate technological solutions for the Group. Decisions are ratified by the Board. Post implementation audits are conducted on significant IT projects. A Director, on behalf of the Group IT Committee, presents to the Audit Committee and Board regarding the value delivered by IT investment. Risk management teams ensure that IT risk management is aligned with the Company's risk management process. Feedback on IT risks, business continuity and disaster recovery is provided by the Group's IT manager and consultants, through a Director, to the Audit Committee and the Board. Management has processes to identify and comply with relevant IT laws and standards.

IT systems and processes have been developed for managing information assets effectively, including personal information. This includes information security, information management and privacy. The information security strategy has been approved by the Board and delegated to management for implementation. The Risk Committee and Audit Committee which assist the Board in risk management has oversight of IT risks, IT controls and related combined assurance, including financial reporting matters. Technology is used to continuously improve efficiency.

COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

Nictus has a compliance culture which supports efforts to identify and comply with applicable laws and regulations. Compliance also forms part of Nictus's code of conduct. The Board, Risk Committee and Audit Committee are made aware of new laws and regulations or changes that affect the Company and its subsidaries by the Company Secretary and NSX sponsors. A compliance function is implemented and the risk of non-compliance forms part of the risk management process. Material aspects of non-compliance would be disclosed in the integrated report if applicable. The Company Secretary acts as legal compliance officer. Legal compliance works closely with ethics and risk management and the head of the legal function is the Company Secretary who attends Board and Audit Committee meetings.

INTERNAL AUDIT

Nictus has an effective risk based internal audit function, with a charter approved by the Board. Internal audit focuses on governance, risk management, the internal control framework, follows a systematic approach and investigates and reports on fraud, corruption, unethical behaviour and irregularities.

Internal audit is independent and objective and its audit plan is formed by the strategy and risks of the Company and its subsidiaries. Internal audit provides a written assessment of the effectiveness of the Group's system of internal controls and risk management, including an assessment of the financial controls to the Audit Committee and Board. Controls and a framework for governance, risk and compliance, have been established over financial, operational, compliance and sustainability matters. Internal audit is integral to the combined assurance model both as a coordinator and assurance provider. The Audit Committee oversees the internal audit activity, including review and approval of the internal audit plan, evaluation of internal audit performance, review of reports submitted by internal audit to the Audit Committee. The Audit Committee is responsible for the appointment and dismissal of the internal auditor.

Internal audit is strategically positioned to achieve its objectives, is independent, objective and reports functionally to the Audit Committee and administratively to the Group Managing Director. The internal auditor does not have a standing invitation to all Executive Committee meetings, but is however briefed on strategic and risk related developments by Senior Executives who do attend, and has access to minutes of meetings. The internal auditor attends Audit Committee meetings by invitation and meets frequently with Senior Executives. Internal audit is appropriately skilled and resourced to fulfil its mandate.

GOVERNING STAKEHOLDER RELATIONSHIPS

The integrated report, as well as the Group business plan, reflects the interests of the Groups' stakeholders and key actions to maintain positive perceptions about the Group and its activities. The Board considers on a continuous basis the feedback regarding the perceptions of particular stakeholder groups. Management has been tasked by the Board with the management of stakeholder relationships, including identification of important stakeholder groups, and development of strategies and policies to manage these relationships effectively. Constructive stakeholder engagement within the Group is facilitated through formal and informal mechanisms and shareholders are encouraged to attend the Company's Annual General Meeting. Nictus strives to achieve an appropriate balance between various stakeholder groups' interests and expectations, in making decisions in the best interest of the Company and ultimately its Shareholders, who are treated equitably. Nictus is committed to transparent and effective communication with all stakeholder groups. Such communication takes place through formal and informal channels and through general as well as direct communication initiatives, including community, Group and individual meetings.

Nictus endeavours to resolve disputes in an effective and efficient manner, through partially formalised processes and management action.

INTEGRATED REPORTING AND DISCLOSURE

The Board, assisted by the Audit Committee and Management, has established appropriate controls and processes to gather, review and report adequate information regarding the Group's financial- and sustainability performance in the integrated report.

BOARD COMMITTEES

The Board has established committees, which operate within approved mandates or charters, to assist it to fulfil its duties. The Board committees are as follows:

- **Audit Committee**
  The Audit Committee consists of an Independent Non-executive Director, a Non-executive Director and an Executive Director and discharges its duties as set out in its Charter. The Audit Committee also assumes a Nomination Committee function. With the assistance of the Risk Committee, extensive risk identifying procedures are followed to identify, evaluate and manage business risks. The Audit Committee reviews the risk management report which is passed on to the Board for consideration and recommendation. The Committee meets at least bi-annually.

  The external and internal auditors attend the meeting by invitation and have unrestricted access to the Chairman and members of the Audit Committee.

- **Executive Committee**
  The Executive Committee comprises the Group Managing Director and any two other Directors. The Committee meets as and when required by the Managing Director and aims to strategically engage management to promote and facilitate high-level, fast decision making and recommendations to the Board.

- **Risk Committee**
  The Risk Committee consists of three Executive Directors, who attend to the overview and monitoring of the Groups' risk management process by reviewing and assessing the effectiveness of risk management and control processes within the Group and reporting its findings to the Board. Extensive risk identifying procedures are followed, with input from all operational subsidiaries, to identify, quantify and manage business threatening risks. The Risk Committee compiles the risk management report which is presented to the Audit Committee for evaluation and to determine the adequacy of risk controls.

- **IT Committee**
  The IT Committee is chaired by the Group Managing Director, with the other member of the Committee being an Executive Director. Operational segment financial representatives and the Group IT Manager are invited to meetings as and when the Committee deems fit. Subsidiary Managing Directors have a standing invitation to attend such meetings. The IT Committee reports to the Audit Committee and Board through the Chairman and meets monthly.

- **Investment committee**
  The Investment Committee is chaired by a non-executive stategic director and consists of a further two Executive Group Directors. The insurance and finance segment is, as a rule, represented on all Investment Committee meetings. The function of the Investment Committee is to evaluate and advise the Board on all Group and subsidiary investments of substantial monetary value or business importance, including involvement in the formulation of investment policies, principles and practices to achieve optimum return on investments.

Remuneration Report

REMUNERATION POLICY

The Group's remuneration policy reflects the recommendations of the NamCode. It aims to attract and retain those people that will support and contribute to achieving the Group's results and performance.

The policy, philosophy and strategy are encapsulated in the following:

Remuneration should:
• contribute towards attracting & retaining motivated and loyal staff;
• reflect a direct correlation with the vision and results of the Group;
• be reviewed and benchmarked annually;
• support the strategy of the Group; and
• reward performance and motivate staff.

STUCTURE OF EXECUTIVE REMUNERATION

Total cost-to-company forms the basis of the remuneration package for senior management and executive directors. The package consists of a cash component and benefits. Remuneration is linked to challenging long and short term financial and non-financial performance and sustainable profits attributable to shareholders.

• Long-term incentive remuneration is based on retaining employees and meeting performance levels over a rolling three year period;
• Short-term incentive remuneration is based on meeting performance levels during the year in terms of guidelines established by the Board.

The packages are reviewed and benchmarked against independent comparable market data in order to also recognise a differentiation between high, average and under performers.

The total remuneration package evaluation is undertaken annually.

INCENTIVE BONUS PLAN

The executive directors and senior management participate in an incentive bonus plan which is based on the achievement of predetermined targets. These are based on targets set in each specific segment in order to achieve the Groups' targets.

SHARE INCENTIVE SCHEME

Annually the Board considers the granting of options to the executive directors and senior management. Those who qualify participate in the Groups' share option and incentive scheme, which is designed to recognise the contribution of senior staff to the growth in the value of the Groups' equity and to retain key employees. Within the limits imposed by the Company's shareholders, options are allocated to the executive directors and senior staff in proportion to their contribution to the business as reflected by their seniority and the Groups' performance. The options are allocated at a price determined by the directors, in terms of a resolution and the applicable NSX rules.

At 31 March 2017 no share options were outstanding that could be taken up by employees or directors.

VESTING OF THE OPTIONS

The options granted vest after stipulated periods and are exercisable over a five-year period in terms of the trust deed.

RETIREMENT BENEFITS

A total cost-to-company approach to remuneration packages is followed and no retirement benefits are offered by the Group. Employees are encouraged to make provision for retirement and assistance is offered where the need arises.

OTHER BENEFITS

The executive directors and senior management enjoy certain other benefits including entitlement to travel allowances where applicable.

EXECUTIVE SERVICE CONTRACTS

Executive directors have consultation agreements with current notice periods of 90 days. The current retirement age is set at 60 years. No contractual entitlements on termination of employment exist but compliance to the relevant labour acts is ensured.

SUCCESSION PLANNING

The executive committee continuously review the position throughout the Group and is informed of senior level requirements. The objective is to ensure continuity is provided, to develop a pool of individuals with potential and to cater for development and future placement.

BOARD EVALUATION PROCESS

A participative internal evaluation of the Boards' performance and the structural environment is undertaken annually. Overall, the board was considered to be balanced and effective. In spite of continuous progress made during the year under review, there will always remain areas for improvement.

NON-EXECUTIVE DIRECTORS

Non-executive directors are expected to perform the tasks and duties normally associated with the position of a non-executive director as defined in the NamCode. The Board and each committee has a charter which sets out the responsibilities of the board and the respective sub-committees.

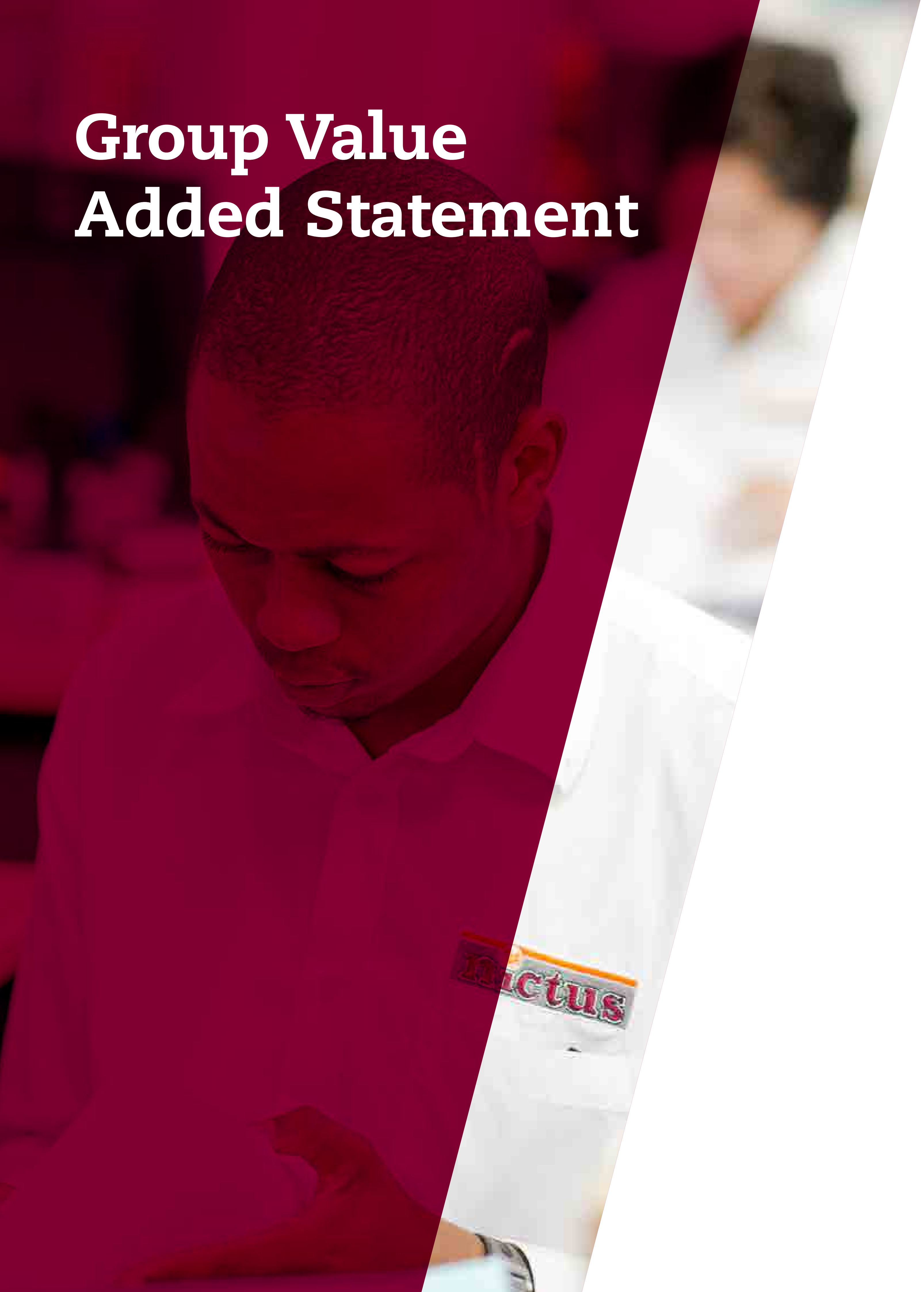
Non-executive directors are expected to provide leadership, expertise and knowledge on strategy and business and contribute to the planning of the Group.

Non-executive directors are compensated based on their contribution to the Group and are remunerated for their services on the basis of attendance at Board- and Board committee meetings.

Annual fees payable to independent non-executive directors for the period ended 31 March 2018 are to be approved by the shareholders on 31 August 2017. Fees for the period commencing 1 April 2017 was recommended by the directors after having been considered by the Board.

The detailed remuneration paid to directors is set out in Note 32 of the annual report.

Group Value Added Statement



Group

The value added statement shows the total wealth created, how it was distributed to meet certain obligations and reward those responsible for its creation, and the portion retained for the continued operation and expansion of the Group.

Value Added

Figures in Namibia Dollar thousand	2017	2016
Value added by operating activities		
Revenue	972 001	930 615
Cost of materials and services	(893 548)	(852 135)
Other income	18 706	17 167
Investment income from operations	32 884	27 366
	130 043	**123 013**

Value Distributed

Figures in Namibia Dollar thousand	2017	2016
To Pay Employees		
Salaries, wages, medical and other benefits	92 988	89 152
	92 988	**89 152**
To Pay Providers of Capital		
Finance costs	16 370	8 638
	16 370	**8 638**

To be retained in the business for expansion and future wealth creation:

Figures in Namibia Dollar thousand	2017	2016
Value reinvested		
Depreciation, amortisation and impairments	3 465	2 978
Deferred tax	(2 283)	(2 446)
Discontinued operations	-	(3 314)
	1 182	**(2 782)**
Value retained		
Retained profit	19 503	28 005
	19 503	**28 005**
	130 043	**123 013**

Value added represents the additional wealth which the Group has been able to create by its own and employees efforts.

Figures in Namibia Dollar thousand	2017	2016
Direct and indirect taxes		
Value added tax (net payment)	15 786	32 825
Import VAT paid	104 076	90 829
Pay As You Earn	15 133	12 566
	134 995	**136 220**

Nictus Holdings Limited

Annual Financial Statements
for the year ended 31 March 2017

Content

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

Independent Auditor's Report

To the shareholders of Nictus Holdings Ltd

SGA
CHARTERED ACCOUNTANTS & AUDITORS

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Email: windhoek@sga-na.com | *www.accountantsauditorsnamibia.com*
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PRACTICE NUMBER 9417

Independent Auditors Report

Opinion

We have audited the annual financial statements of Nictus Holdings Ltd set out on pages 40 - 96, which comprise the directors' report, the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Nictus Holdings Ltd as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, which required significant auditor attention in performing the audit of the Group financial statements of the current period. These matters were addressed in the context of our audit of the Group financial statements as a whole, and in forming our opinion thereon.

Key Audit Matters	How the matter was addressed in the audit
Recognition of Revenue, completeness and accuracy Insurance revenues, which are recognized in the financial statements of the subsidiary and the consolidated financial statements, are material and comprise of net premiums received. Due to the complexity of the composition of insurance revenue, it was considered a key audit matter.	During the audit we satisfactorily determined the accuracy, completeness and occurrence of revenue through significant substantive testing.
Insurance contract provisions Insurance contract provisions are some of the contra entries to the revenue receivable and are also considered a key audit matter.	The accuracy and completeness of insurance contract provisions was satisfactorily tested through significant substantive testing.
Valuation of properties Properties comprise a significant portion of the value of the assets of the Group. The properties are classified as investment property in the individual company financial statements and as owner-occupied in the consolidated financial statements. The directors annually perform a valuation of the properties according to a valuation model where the following is considered: • Valuations from external qualified valuator; • Going concern; • Growth anticipation. The Directors' calculation of value of each property is determined as a combination of the replacement value and capitalization income value.	The accuracy of the valuation of the properties was satisfactorily tested through significant substantive testing.

Other information

The directors are responsible for the other information. The other information comprises the Value Added Statement on page 31 and Five Year Financial Review as set out on pages 13 - 15 which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon. Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

SGA
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PRACTICE NUMBER 9417

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

• Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information and the business activities within the Company and it's subsidiaries to express an opinion on the annual financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SgA

SGA
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: R Cloete
Partner

Windhoek ... Namibia
09 June 2017

***Partners:** M. du Plessis (Managing Partner) - P.O. Jacobs - C. Matthee - A.J. Esterhuizen - R. Cloete - Y.E. Kruger*

Directors' Responsibilities and Approval

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company and Group as at the end of the financial year ended 31 March 2017 and the results of their operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future. The directors have made an assessment of the Group's and Company's ability to continue as a going concern and there is no reason to believe that the businesses will not be going concerns in the year ahead.

The external auditors are responsible for independently auditing and reporting the annual financial statements are fairly presented within the applicable financial reporting framework. The annual financial statements have been examined by the Group's external auditors and their report is presented on page 36-37.

The annual financial statements set out on pages 40 to 96, which have been prepared on the going concern basis, were approved by the board on 8 June 2017 and were signed on its behalf by:

PJ de W Tromp
Managing Director

JD Mandy
Chairman: Audit Committee

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements for the year ended 31 March 2017.

1. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied consistently compared to the prior year.

The Group recorded a net profit after tax for the year ended 31 March 2017 of N$ 19,5 million. This represented a decrease of 30% from the net profit after tax of the prior year of N$ 28,0 million.

The Company recorded a net profit after tax for the year ended 31 March 2017 of N$ 59,9 million - which includes dividends from subsidiaries of N$ 53,3 million. The net profit after tax of the prior year of N$ 12,0 million included dividends of N$ 7,2 million.

Group revenue for the year ended 31 March 2017 increased by 4,45% to N$ 972 million from N$ 931 million in 2016.
The Company recorded revenue for the year of N$ 89.4 million. This represented an increase of 165% from N$ 33.8 million in 2016.

The Group's assets increased by 2.12% from the prior year to N$ 1,65 billion at 31 March 2017.

The Company's assets increased by 12.7% from the prior year to N$ 259.6 million at 31 March 2017.

2. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the annual financial statements in Note 6.

The interest of the Company in the profits and losses of its subsidiaries for the year ended 31 March 2017 are as follows:

	2017 N$ '000	2016 N$ '000
Subsidiaries		
Total profits after taxation	38 299	52 340

During the year the Group acquired Bel Development (Pty) Ltd (100%) for N$ 18 million. Bel Development (Pty) Ltd is a property investment company.

3. Segmental analysis

With our property portfolio increasing significantly over the past few years we decided to change the composition of our reportable segments with effect from 1 April 2016, as follows:

Property segment - various property owing companies - mainly group occupied
Retail segment now consists of Auas Motors, Trentyre and Nictus Furnishers.
Insurance and Finance segment - Corporate Guarantee and Hakos Capital and Finance

To ensure consistency, all comparative figures in the segment report were reclassified to reflect the change in internal reporting and decision making.

The reclassification is only within the segment report and has no effect on the Group's basic or diluted earnings per share and had no impact on the Group's statement of financial position and the Group's statement of comprehensive income.

The detailed segmental analysis is included in Note 37 of the annual financial statements.

4. Directorate

The directors in office **at the date of this report** are as follows:

Directors	Citizenship	Date of appointment
PJ de W Tromp (Managing Director from 4 April 2017) (Executive Chairman until 4 April 2017)	Namibian	1 October 2009
WO Fourie (Executive Director)	Namibian	1 July 2010
JJ Retief (Executive Director)	Namibian	1 October 2009
NC Tromp (Non-executive Director from 1 April 2017)	Namibian	18 May 2012
FR van Staden (Executive Director)	Namibian	1 October 2009
GR de V Tromp (Non-executive Director)	Namibian	1 October 2015
Gerard Swart (Chairman from 4 April 2017) (Independent Non-executive Director)	Namibian	1 April 2016
JD Mandy (Independent Non-executive Director)	Namibian	1 April 2016

5. Dividends

Ordinary dividends of 18 cents per share (N$ 9.6 million) was declared and paid by the company on 18 July 2016.

Since March 2017, an ordinary dividend of 12 cents per share (N$ 6.4 million) was approved by the Board on 8 June 2017 in respect of the year ended 31 March 2017.

Last date to trade ordinary shares "cum" dividend	Friday 7 July 2017
Ordinary shares trade "ex" dividend	Monday 10 July 2017
Report date	Friday 14 July 2017
Payment/issue date	Monday 17 July 2017

Share certificates may not be dematerialised between Monday 10 July and Friday 14 July 2017 both days inclusive.

6. Shareholding and management of the Group

Composition of shareholders	Number of shareholders	%	Number of shares	%
Non-public shareholders: Directors and associates	19	2,99	38 098 622	71,28
Non-public shareholders: Strategic holdings (more than 5%)	2	0,30	8 025 455	15,02
Public shareholders	617	96,71	7 319 423	13,70
	638	**100**	**53 443 500**	**100**

Composition of shareholders	Number of shareholders	%	Number of shares	%
Banks / Brokers	3	0,47	7 325	0,01
Close Corporations	2	0,31	50 002	0,09
Individuals	555	86,99	4 719 829	8,83
Insurance Companies	2	0,31	36 627	0,07
Nominees and Trusts	45	7,05	27 562 458	51,57
Other Corporations	6	0,94	192 772	0,36
Private Companies	22	3,45	19 985 364	37,40
Public Companies	3	0,47	889 123	1,66
	638	**100**	**53 443 500**	**100**

Shareholders with an interest above 5% in ordinary shares	Number of shares	%
NC Tromp	21 511 422	40,25
MRT Trust	5 200 000	9,73
KCB Trust	2 825 455	5,29

Management of the Group

Various agreements have been executed with entities in which Messrs NC Tromp (Tromp Consulting International (Pty) Ltd), FR van Staden (Premier Services (Pty) Ltd), JJ Retief (H&Z Properties (Pty) Ltd), PJ de W Tromp (Nature Unlimited Consultations (Pty) Ltd) and WO Fourie (Haida Investment (Pty) Ltd) have material interest, which supplies managerial services.

Indirect interest of directors, including their families, in ordinary shares	2017
Beneficial:	
NC Tromp	21 511 422
WO Fourie	1 655 055
Non-Beneficial:	
NC Tromp	8 821 539
JJ Retief	1 146 415
PJ de W Tromp	1 354 846
FR van Staden	1 439 427
GR de V Tromp	2 169 918
	38 098 622

The register of interests of directors and others in shares of the company is available to the shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

7. Stated capital

There have been no changes to the authorised or issued share capital during the year under review. The unissued ordinary shares remain under the control of the directors with the authority to allot and issue such shares at their sole discretion until the next annual general meeting of the shareholders of Nictus.

8. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date other than the appointment of the Chairman, dividend declaration and General Motors South Africa announcement. General Motors South Africa (GM) announced its withdrawal from Southern Africa effective 31 December 2017. Isuzu Motors South Africa will be taking over the Isuzu franchise effective 1 January 2018 whilst Chevrolet vehicles will no longer be distributed and sold in Southern Africa. The sales of Isuzu vehicles in Namibia will probably not be influenced by this new arrangements but no formal agreements are in place yet. This may have a material effect on the business of the motor division of the Group.

9. Auditors

At the annual general meeting, the shareholders will be requested to reappoint SGA Chartered Accountants and Auditors (Namibia) as the independent external auditors of the company and to confirm Mrs R Cloete as the designated lead audit partner for the 2018 financial year.

10. Secretary

The company secretary is Veritas Board of Executors (Pty) Ltd.

Business address:
1st Floor
Nictus Building
140 Mandume Ndemufayo Avenue, Windhoek

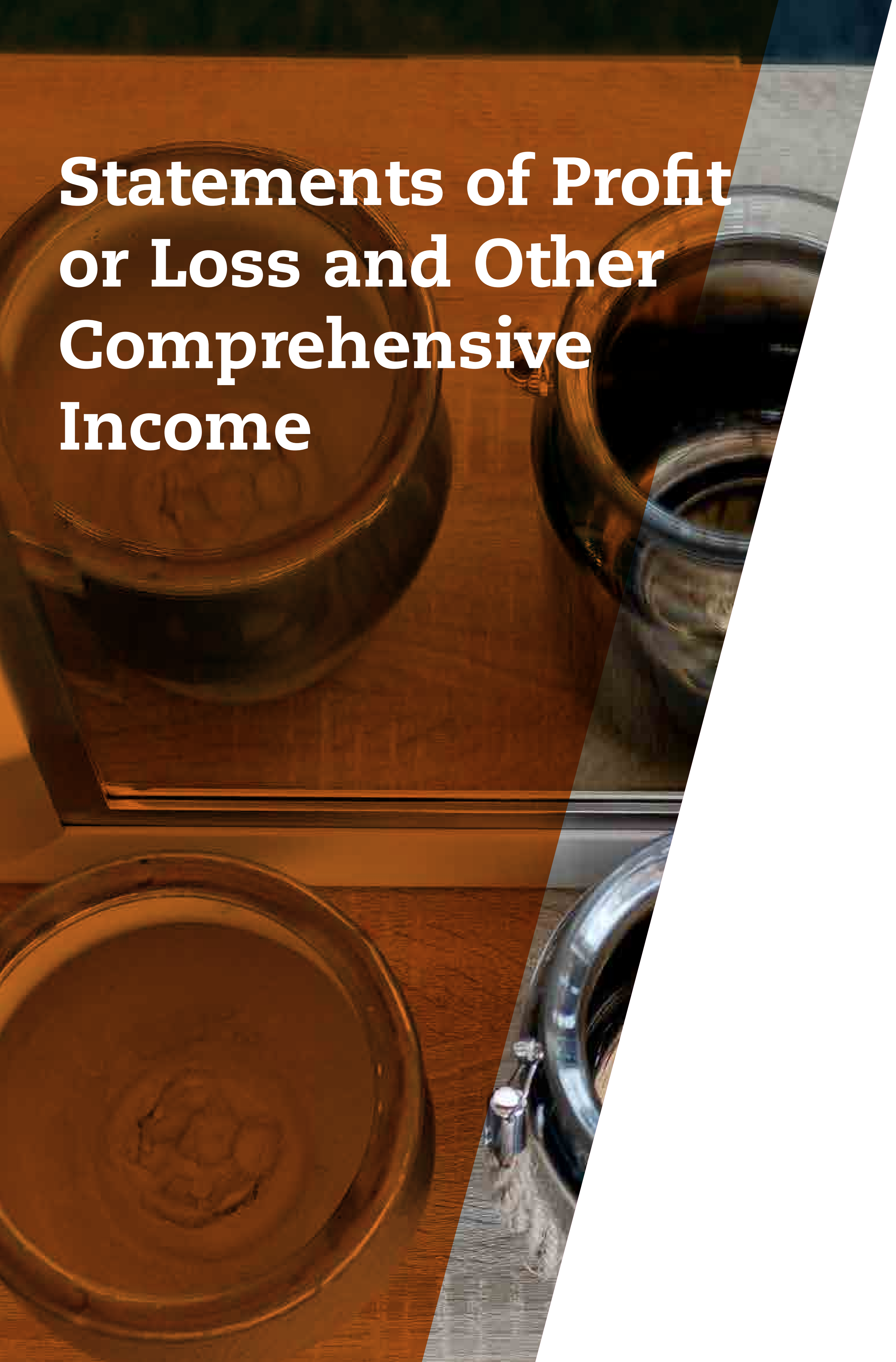
Postal address:
Private Bag 13231, Windhoek
Namibia

Statements of Financial Position as at 31 March 2017

Statements of Financial Position
- for the year ended 31 March 2017

		GROUP		COMPANY	
Figures in Namibia Dollar thousand	**Note(s)**	**2017**	**2016**	**2017**	**2016**
Non-Current Assets					
Property, plant and equipment	3	350 886	312 717	3 518	2 056
Investment property	4	25 275	-	11 700	11 700
Intangible assets	5	850	952	-	-
Investments in subsidiaries	6	-	-	131 745	98 376
Investments	7	399 492	226 298	6 670	8 365
Deferred tax	8	5 437	5 639	-	-
		781 940	**545 606**	**153 633**	**120 506**
Current Assets					
Inventories	9	162 469	132 216	-	-
Loans to group companies	10	-	-	100 955	104 801
Trade and other receivables	11	357 432	453 840	4 641	5 014
Investments	7	12 497	9 893	-	-
Current tax receivable	29	31	31	-	-
Cash and cash equivalents	12	336 990	472 501	405	61
		869 419	**1 068 481**	**106 001**	**109 876**
Non-current assets held for sale and assets of disposal groups	40	-	2 990	-	-
Total Assets		**1 651 359**	**1 617 077**	**259 634**	**230 382**
Equity					
Stated capital	13	129	129	129	129
Total non-distributable reserves	14&15	74 318	74 318	-	-
Retained income		90 898	81 015	131 973	81 733
		165 345	**155 462**	**132 102**	**81 862**
Non-Current Liabilities					
Loans from related parties	10	-	-	15 000	15 000
Interest-bearing loans and borrowings	16	128 002	100 701	-	-
Deferred tax	8	31 971	29 891	610	91
		159 973	**130 592**	**15 610**	**15 091**
Current Liabilities					
Trade and other payables	17	80 707	78 641	4 767	2 253
Loans from related parties	10	40 591	42 293	74 688	89 542
Interest-bearing loans and borrowings	16	39 871	45 569	32 467	38 838
Provisions	18	3 364	3 775	-	-
Insurance contract liability	19	1 161 508	1 152 608	-	-
Bank overdraft	12	-	6 502	-	2 796
		1 326 041	**1 329 388**	**111 922**	**133 429**
Liabilities of disposal groups	40	-	1 635	-	-
Total Liabilities		**1 486 014**	**1 461 615**	**127 532**	**148 520**
Total Equity and Liabilities		**1 651 359**	**1 617 077**	**259 634**	**230 382**

Statements of Profit or Loss and Other Comprehensive Income



Statements of Profit or Loss and Other Comprehensive Income
- for the year ended 31 March 2017

		GROUP		COMPANY	
Figures in Namibia Dollar thousand	**Note(s)**	**2017**	**2016**	**2017**	**2016**
Revenue	20	972 001	930 615	89 411	33 776
Cost of sales		(745 746)	(725 855)	-	-
Gross profit		**226 255**	**204 760**	**89 411**	**33 776**
Other income	21	18 706	17 167	2 698	161
Fair value adjustment	25	-	-	-	700
Investment income from operations	22	32 884	27 366	(699)	(2 110)
Administrative expenses		(61 011)	(65 200)	(9 047)	(2 741)
Operating expenses		(185 149)	(152 677)	(10 021)	(7 354)
Operating profit	23	**31 685**	**31 416**	**72 342**	**22 432**
Investment income	22	6 471	4 359	926	539
Finance costs	24	(16 370)	(8 638)	(12 889)	(10 950)
Gain on non-current assets held for sale or disposal groups	40	-	3 314	-	-
Profit before taxation		**21 786**	**30 451**	**60 379**	**12 021**
Taxation	26	(2 283)	(2 446)	(519)	-
Profit for the year		**19 503**	**28 005**	**59 860**	**12 021**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains on property revaluation		-	3 200	-	-
Income tax relating to items that will not be reclassified		-	192	-	-
Total items that will not be reclassified to profit or loss		**-**	**3 392**	**-**	**-**
Other comprehensive income for the year net of taxation	27	**-**	**3 392**	**-**	**-**
Total comprehensive income for the year		**19 503**	**31 397**	**59 860**	**12 021**
Earnings per share					
Basic earnings per share (cents)	38	36,49	52,40		
Diluted earnings per share (cents)	38	36,49	52,40		

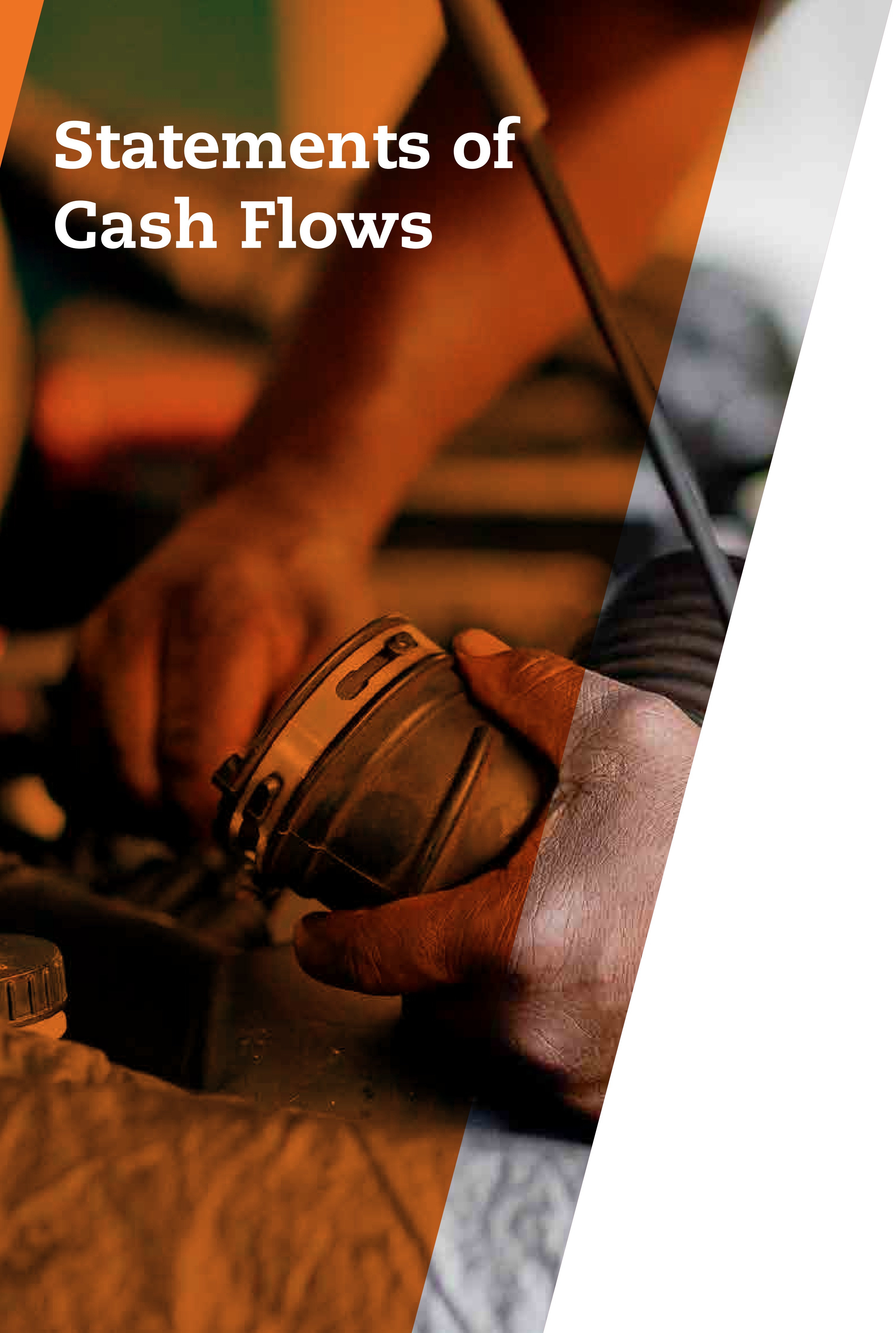
Statements of Changes in Equity

Statements of Changes in Equity
- for the year ended 31 March 2017

Figures in Namibia Dollar thousand	Stated capital	Revaluation reserve	Insurance contingency reserve	Retained income	Total equity
GROUP					
Balance at 01 April 2015	**129**	**55 375**	**19 442**	**58 739**	**133 685**
Profit for the year	-	-	-	28 005	28 005
Other comprehensive income	-	3 392	-	-	3 392
Total comprehensive income for the year	**-**	**3 392**	**-**	**28 005**	**31 397**
Transfer between reserves	-	-	(3 891)	3 891	-
Dividends paid to ordinary shareholders	-	-	-	(9 620)	(9 620)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(3 891)**	**(5 729)**	**(9 620)**
Balance at 01 April 2016	**129**	**58 767**	**15 551**	**81 015**	**155 462**
Profit for the year	-	-	-	19 503	19 503
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**19 503**	**19 503**
Dividends paid to ordinary shareholders	-	-	-	(9 620)	(9 620)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(9 620)**	**(9 620)**
Balance at 31 March 2017	**129**	**58 767**	**15 551**	**90 898**	**165 345**
Note(s)	13	14&27	15		

Figures in Namibia Dollar thousand	Stated capital	Retained income	Total equity
COMPANY			
Balance at 01 April 2015	**129**	**79 332**	**79 461**
Profit for the year	-	12 021	12 021
Total comprehensive income for the year	**-**	**12 021**	**12 021**
Dividends paid to ordinary shareholders	-	(9 620)	(9 620)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(9 620)**	**(9 620)**
Balance at 01 April 2016	**129**	**81 733**	**81 862**
Profit for the year	-	59 860	59 860
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**59 860**	**59 860**
Dividends paid to ordinary shareholders	-	(9 620)	(9 620)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(9 620)**	**(9 620)**
Balance at 31 March 2017	**129**	**131 973**	**132 102**
Note(s)	13		

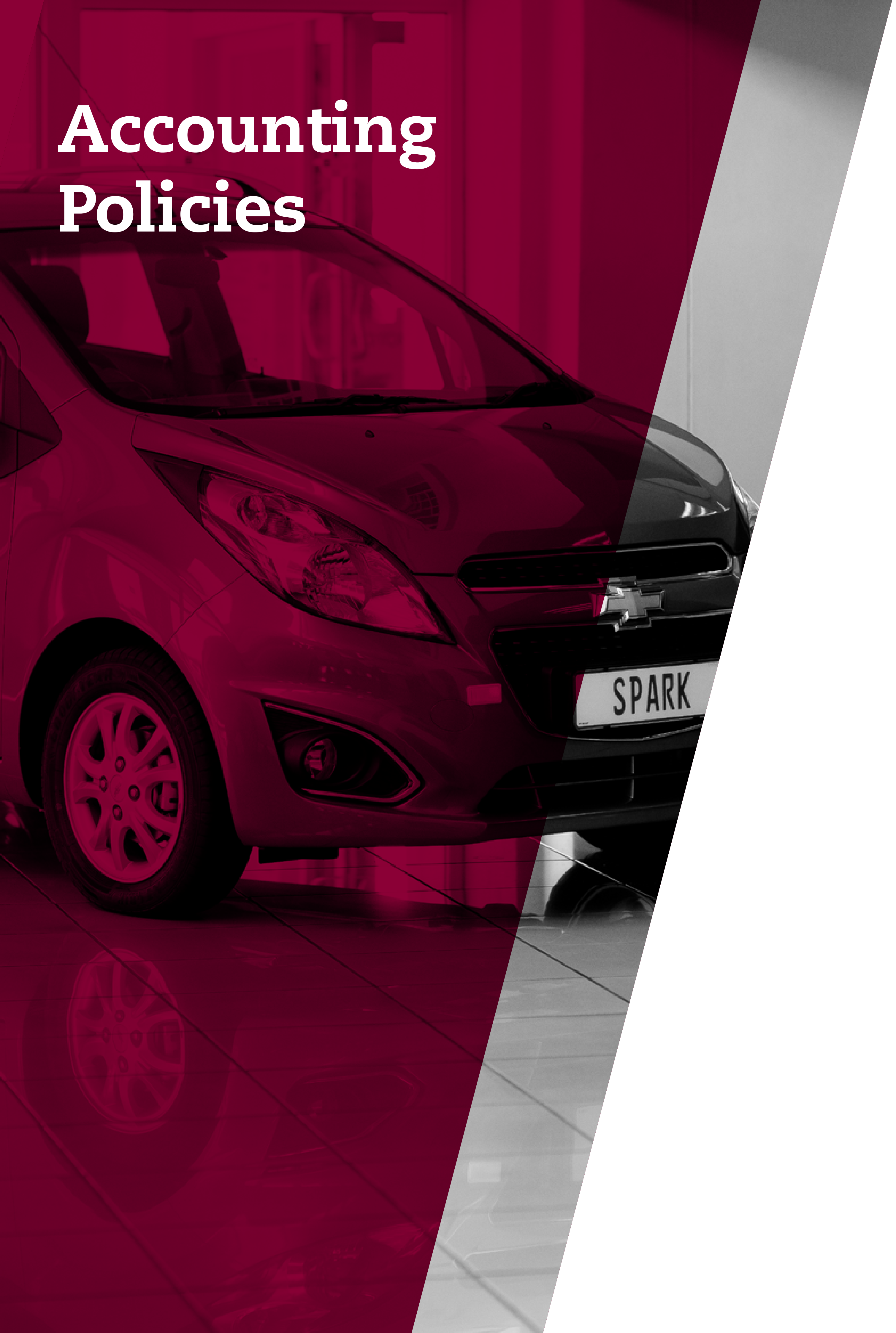
Statements of Cash Flows



Statements of Cash Flows
- for the year ended 31 March 2017

		GROUP		COMPANY	
Figures in Namibia Dollar thousand	**Note(s)**	**2017**	**2016**	**2017**	**2016**
Cash flows from operating activities					
Cash generated from (used in) / from operations	28	109 064	(36 631)	72 753	24 558
Interest income		6 471	4 359	926	539
Finance costs		(16 370)	(8 638)	(12 889)	(10 950)
Tax paid	29	-	(3)	-	-
Net cash from operating activities		**99 165**	**(40 913)**	**60 790**	**14 147**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(44 127)	(79 823)	(1 624)	(2 085)
Proceeds on disposal of property, plant and equipment	3	3 751	5 946	-	21
Purchase of investment property	4	(7 275)	-	-	-
Purchase of intangible assets	5	(322)	(281)	-	-
Acquisition of subsidiary	39	(18 000)	-	(18 000)	-
Decrease / (increase) of investments		(175 798)	91 103	(14 343)	(5 063)
Proceeds on disposal of unlisted investments		3 316	-	3 316	-
Net cash from investing activities		**(238 455)**	**16 945**	**(30 651)**	**(7 127)**
Cash flows from financing activities					
Proceeds from interest-bearing loans and borrowings		21 603	94 477	(6 371)	13 174
Dividends paid	30	(9 620)	(9 620)	(9 620)	(9 620)
Loans advanced to related parties		(1 702)	7 187	(14 854)	(22 483)
Proceeds from loans from group companies		-	-	3 846	12 476
Net cash from financing activities		**10 281**	**92 044**	**(26 999)**	**(6 453)**
Total cash movement for the year		**(129 009)**	**68 076**	**3 140**	**567**
Cash at the beginning of the year		465 999	397 923	(2 735)	(3 302)
Total cash at end of the year	12	**336 990**	**465 999**	**405**	**(2 735)**

Accounting Policies



Accounting Policies

Corporate information

Nictus Holdings Ltd (the Company) is a public company incorporated and domiciled in Namibia. The annual financial statements for the year ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the Group).

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and the Companies Act of Namibia.

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

- the measurement of land and buildings held for administrative purposes are stated at revalued amounts;
- financial instruments classified at fair value through profit or loss are stated at fair value;
- available-for-sale financial assets are measured at fair value; and
- unlisted investments are measured at fair value.

They are presented in Namibia Dollars, which is the Group and company's functional currency.

These accounting policies are consistent with the previous year, other than new standards and interpretations adopted and described in Note 2.1.

1.2 Significant judgements and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Key sources of estimation uncertainty

Loans and receivables

The Group assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

Allowance for slow moving, damaged and obsolete inventory

The Group assesses its inventory for impairment at each reporting date.

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Allowance for slow moving, damaged and obsolete inventory is included in the inventory balance at the reporting date.

Fair value adjustment of investment properties and land and buildings

The Group's Board of directors value the Group's investment property portfolio on an annual basis. The fair values are based on valuations and other market information that take into consideration the estimated rental value and replacement value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. Should any of the assumptions used in the valuation calculation change, it could have a material impact on the results of the Group.

Residual values and useful lives of property, plant and equipment and intangible assets

The residual value of items of property, plant and equipment and intangible assets is the estimated amount for which the item could be exchanged at the end of its useful life between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period, based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Insurance provisions and liabilities

The classification of insurance contracts are disclosed in detail in Note 1.19

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer Note 8 – Deferred tax.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.

The fair value of financial instruments that are not traded in a active market is determined by using valuation techniques. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

1.3 Consolidation

Basis of consolidation

The annual financial statements incorporate the financial statements of the Company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The results of subsidiaries are included in the annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in subsidiaries in the Company financial statements

In the Company's financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is carried at revalued amounts, determined from market-based evidence by appraisals undertaken by professional valuers less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Formal revaluation are performed annually such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

Revaluation is made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Revaluation are performed annually by the board of directors. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Subsequent costs

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term if ownership will not pass. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The estimated useful lives for current and comparative years for items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Plant and machinery	Straight line	3 to 20 years
Motor vehicles	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

1.5 Investment property

Investment property is initially recognised at cost and subsequently measured at fair value. Investment property is property held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or for administration purposes.

1.6 Intangible assets

Computer software

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation is provided to write down the intangible assets, on a straight line basis in profit or loss over their estimated useful lives, to their residual values from the date they are available for use.

The estimated useful lives for the current and comparative years are as follows:

Item	Useful life
Computer software	3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Accounting Policies (continued)

1.7 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through profit or loss - held for trading
- Financial assets at fair value through profit or loss - designated
- Held-to-maturity investment
- Loans and receivables
- Financial liabilities at fair value through profit or loss - held for trading
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

The Group does not deal in derivatives, as derivatives do not form part of the Group investment strategy.

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:
- in rare circumstances
- if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

No other reclassifications may be made into or out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised when, and only when, the Group becomes party to the contractual provisions of the particular instrument.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

Loans and receivables
Loans and receivables are subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

Loans to- and investments in preference shares of related parties are classified as loans and receivables.

Trade and other receivables
Trade and other receivables are measured at amortised cost less impairment losses. Trade and other receivables that are of a short-term nature are not discounted due to the insignificance of the difference between the transaction price and fair value.

Trade and other receivables are classified as loans and receivables.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Loans from related parties are classified as financial liabilities at amortised cost.

Trade and other payables
Trade and other payables are carried at amortised cost using the effective interest rate method. Trade and other payables that are of a short-term nature are not discounted due to the insignificance of the difference between the transaction price and fair value.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Fair value hierarchy

For investments recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

The fair values of quoted investments are based on current quoted closing prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Offset

Financial assets and financial liabilities are offset against each other only when a legally enforceable right exists to set off the recognised amounts, and the Group intends to either settle on net basis, or to realise the assets and settle the liabilities simultaneously.

Loans to (from) group companies

These include loans to and from the holding company, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Investment in debt and equity securities

Investments at fair value through profit or loss
An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as at fair value through profit or loss if the Group manage such investments and make purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Listed investments held by the Group are classified as at fair value through profit or loss. The fair values are calculated by reference to stock exchange market prices and / or market value of government bonds at the close of business on the reporting date.

Unlisted investments consists of shares in private companies and other entities not listed on a recognised stock exchange.

The fair values of unlisted investments are determined by directors' valuations at year-end. These valuations are based on the net asset value of each investment. In addition, the performance of the unlisted investment for the past three years is taken into account to determine the value of the investments. The performance is measured using valuation models in the specific industry the investment is made in.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses.

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.

Accounting Policies (continued)

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

Government bonds held by the Group are classified as held to maturity subsequent to initial recognition. Adjustments to the value of held to maturity assets are made through profit or loss.

The Group does not deal in derivatives, as derivatives do not form part of the Group's investment strategy.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

1.8 Income tax and deferred tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses, tax credits and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deffered tax liability is recognised for all taxable temporary differences.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessor

The Group recognises finance lease receivables in the statement of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories relating to the furniture and motor retail businesses are determined on the first-in-first-out basis. Inventories relating to the tyre business is determined on the weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Work-in-progress comprises of costs incurred during the service and repairs of vehicles and the work is not yet completed. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

1.11 Stated capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Preference shares
Preference shares are classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Group's option. Dividends on preference shares classified as equity are recognised as distributions within equity.

Preference shares are classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Dividends thereon are recognised in profit or loss as interest expense.

Dividends
Dividends on redeemable preference shares are recognised as a liability and expensed on an accrual basis. Dividends recognised on non-redeemable or redeemable preference shares at the option of the Company are recognised as a distribution in equity upon approval by the Group shareholders. Ordinary dividends are recognised as a liability in the period in which they are declared.

Accounting Policies (continued)

1.12 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

During the current year a total cost-to-company approach to remuneration packages was followed and no retirement benefits were offered by the Group. Employees are encouraged to make provision for retirement and assistance is offered where the need arises.

1.14 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expected future cash flow at a pre-tax rate that reflects current market assessments at the time, value of money and the risks specific to the liability. The unwinding of the interest is recognised as finance cost.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 36.

1.15 Revenue

Revenue comprises of the following:

Group:
- sale of goods;
- rental income;
- finance income;
- insurance premium income

Company:
- dividend income from subsidiaries;
- interest income from subsidiaries;
- rental income, and;
- management fees

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates, and value added tax.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the customer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income

Some properties in the Group comprise a portion held to earn rental income and another portion is held for administrative purposes. A portion of these properties cannot be sold separately and a significant portion of these properties are held for administrative purposes. These properties are classified as owner-occupied. Rental income earned from the portions that are held to earn rental income are recognised in profit or loss on a straight-line basis over the term of the lease.

Finance income

Finance income as part of normal trading in the insurance segment, comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method. Finance income also comprise interest on instalment debtors arising from credit sales entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. The earned portion of interest received is recognised as revenue. Interest is earned from the date that the sales contract is concluded, over the period of the contract, based on the terms and conditions of the sales and instalment agreement.

Dividend income is recognised on the date that the Group's right to receive payment is established. Finance income, depending on its nature is included either in revenue, interest income from operations or investment income. The Company's finance income consists of interest received from loans to subsidiaries.

Insurance premium income

For insurance premium income recognition and measurement refer to Note 1.19.

Management fees

Management fees are recognised by the Company when services are rendered to subsidiaries.

Dividend income

Dividend income from subsidiaries are recognised on the date that the company's right to receive payment is established.

1.16 Other income

Transactions not recognised as revenue or finance and investment income is classified as other income.

1.17 Finance costs

Financing expenses comprise interest paid on borrowings calculated using the effective interest rate method and dividends paid on redeemable preference shares, which are classified as liabilities.

1.18 Translation of foreign currencies

Functional and presentation currency

The financial statements are presented in Namibia Dollar which is the Group's functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise. Non-monetary assets and liabilities measured at historical cost are translated to functional currency at the exchange rate at the date that the historical cost was determined.

Accounting Policies (continued)

1.19 Classification of insurance contracts

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

The Group classifies financial guarantee contracts issued as insurance contracts.

Premiums

Premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude Value Added Tax. Premiums written include adjustments to premiums written in prior reporting periods.

The earned portion of premiums received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

Unearned premium provision

The provision for unearned premiums comprises the proportion of premiums written, which is estimated to be earned in subsequent reporting periods or that relates to the unexpired terms of policies issued, computed separately for each insurance contract using a basis that results in premium income being earned as the Group is released from the insurance risk presented by underlying policies.

Claims incurred

Claims incurred consist of claims and claims handling and related expenses paid during the financial year together with the movement in the provision for outstanding claims. Outstanding claims comprise the company's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expenses.

Whilst the directors consider that the gross provisions for claims and the related re-insurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately if material. The methods used to value these provisions, and estimates made, are reviewed regularly.

Unexpired risk provision

Provision is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned premium provision in relation to such policies after the deduction of any deferred acquisition costs. The provision for unexpired risks is calculated separately by reference to classes of business which are managed together, after taking into account relevant investment return.

Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the conclusion of insurance contracts. Deferred acquisition costs represent the proportion of acquisition costs incurred which corresponds to the unearned premium provision.

Liability adequacy test

The net liability recognised for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability. Where a shortfall is identified, an additional provision is made and the Group recognises the deficiency in profit or loss for the year.

Contingency reserve

A reserve in equity is made for the full amount of the contingency reserve with transfers to and from this reserve being treated as appropriations of retained earnings. This reserve is based on industry practice and calculated at 10% of net written premiums.

No-claim bonuses

The product offered by the Group includes a profit participation measure and provides for a reward to clients for favourable loss experience in the form of a refund of premiums. The provision for the no-claim bonus is only provided for at inception of the contract.

1.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Managing Director, who is the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Revenue, expenses, assets and liabilities are allocated on a reasonable basis to a segment from customers, suppliers and other segments but exclude non-specific transactions.

Segment revenue

Segment revenue consists of revenue reported in the Group's profit or loss that is directly attributable to a segment and the relevant portion of Group revenue that can be allocated on a reasonable basis to the segment.

Segment expense

Segment expense consists of expenses resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion of expenses that can be allocated on a reasonable basis to the segment.

General administrative expenses, such as head office expenses, and other expenses that arise at Group level and relate to the Group as a whole are also excluded from segment expense. However, costs incurred at Group level on behalf of a segment are included in segment expense.

Segment result

Segment result consists of segment revenue less segment expense.

Segment assets

Segment assets consists of those assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated on a reasonable basis, but do not include income tax assets.

Segment liabilities

Segment liabilities consists of those operating liabilities that result from the operating activities of a segment that are either directly attributable to the segment or can be allocated on a reasonable basis to the segment, but do not include income tax liabilities.

1.21 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

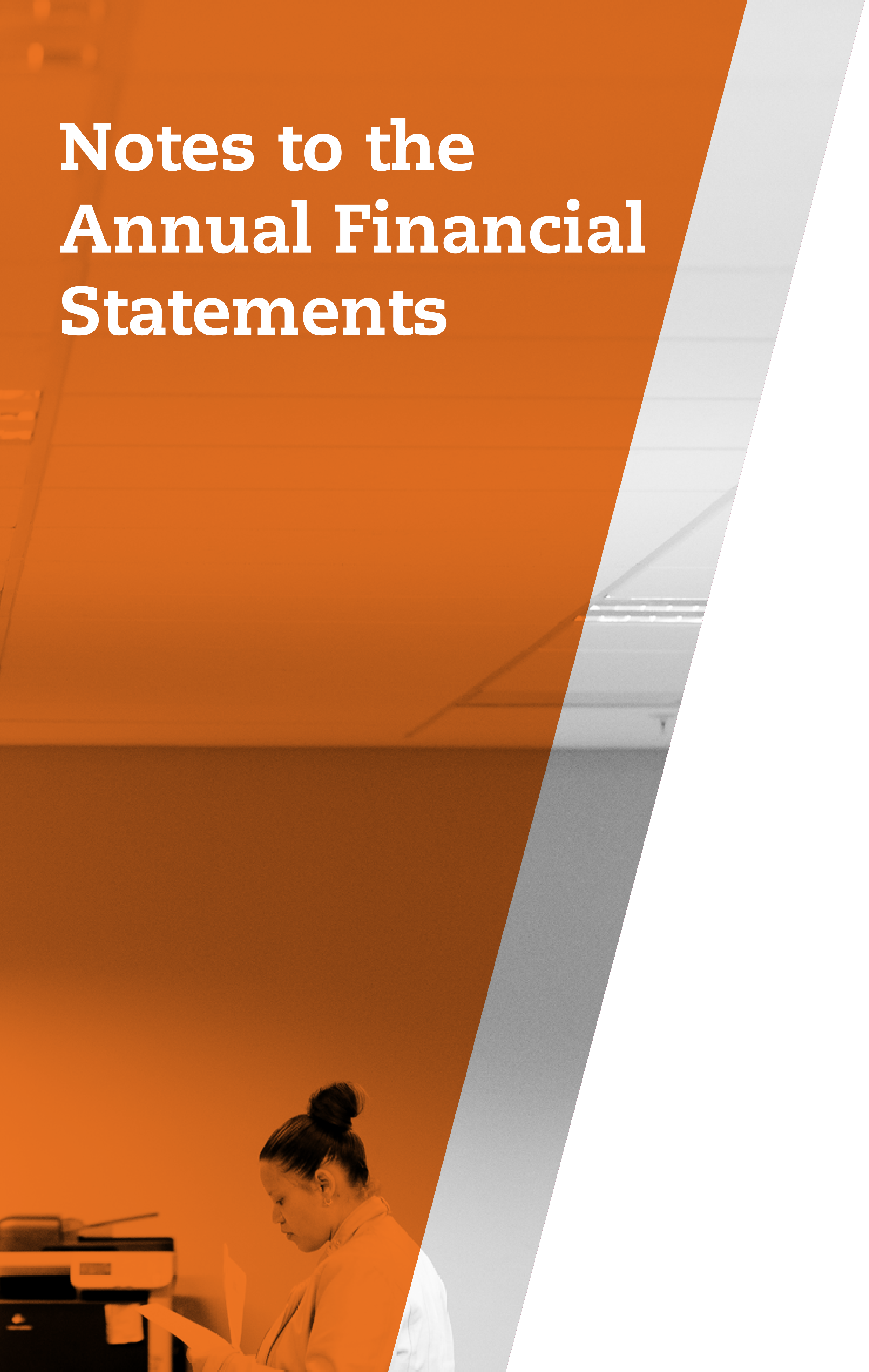
- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements



Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:

- Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendment to IAS 27: Equity Method in Separate Financial Statements
- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 10,12 and IAS 28: Investment Entities. Applying the consolidation exemption
- Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants
- Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project
- Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project
- Amendment to IAS 19: Employee Benefits: Annual Improvements project
- Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements
- Amendment to IAS 34: Interim Financial Reporting. Annual Improvements project

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 April 2017 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The effective date of the amendment is to be determined by the IASB.
It is unlikely that the amendment will have a material impact on the Group's annual financial statements.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the Group are as follows:

Group as lessee:

- Lessees will be required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.

The effective date of the standard is for years beginning on or after 01 January 2019.
The Group expects to adopt the standard for the first time in the 2020 annual financial statements.
The adoption of this standard is not expected to impact on the results of the Group, but may result in more disclosure than is currently provided in the annual financial statements.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendment to IFRS 4 provides a temporary exemption, allowing insurers to apply IAS 39 rather than IFRS 9. The exemption only applies in certain circumstances and only for annual periods beginning before 1 January 2021.

The exemption also introduces an "overlay approach" in specific circumstances. This approach requires the insurer to reclassify an amount between other comprehensive income and profit or loss. This results in the profit or loss for designated financial assets being the same as if the insurer had applied IAS 39 rather than IFRS 9.

The effective date of the amendment is for years beginning on or after 01 January 2018.
The Group expects to adopt the amendment for the first time in the 2019 annual financial statements.
It is unlikely that the amendment will have a material impact on the Group's annual financial statements.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

The effective date of the amendment is for years beginning on or after 01 January 2018.
The Group expects to adopt the amendment for the first time in the 2019 annual financial statements.
It is unlikely that the amendment will have a material impact on the Group's annual financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010. Another revised version of IFRS 9 was issued in July 2014 mainly to include:

a) impairment requirements for financial assets and;
b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

The effective date of the standard is for years beginning on or after 01 January 2018.
The Group expects to adopt the standard for the first time in the 2019 annual financial statements.

The adoption of this standard is not expected to impact on the results of the Group, but may result in more disclosure than is currently provided in the annual financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
IFRS 15 also includes extensive new disclosure requirements.
The effective date of the standard is for years beginning on or after 01 January 2018.
The Group expects to adopt the standard for the first time in the 2019 annual financial statements.

The adoption of this standard is not expected to impact on the results of the Group, but may result in more disclosure than is currently provided in the annual financial statements.

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities will be required to provide additional disclosure of changes in liabilities arising from financing activities.

The effective date of the amendment is for years beginning on or after 01 January 2017.
The Group expects to adopt the amendment for the first time in the 2018 annual financial statements.
It is unlikely that the amendment will have a material impact on the Group's annual financial statements.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

In terms of IAS 12 Income Taxes, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The amendments may have an impact on the Group.

The effective date of the amendment is for years beginning on or after 01 January 2017.
The Group expects to adopt the amendment for the first time in the 2018 annual financial statements.
The adoption of this amendment is not expected to impact on the results of the Group, but may result in more disclosure than is currently provided in the annual financial statements.

IAS 40: Investment Property

Transfers of Investment Property: Clarification of the requirements on transfer to, or from, investment property.

The effective date of the amendment is for years beginning on or after 01 January 2018.
The Group expects to adopt the amendment for the first time in the 2019 annual financial statements.
It is unlikely that the amendment will have a material impact on the Group's annual financial statements.

IFRIC 22: Foreign Currency Transactions and Advance Consideration

This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.

The effective date of the amendment is for years beginning on or after 01 January 2018.
The Group expects to adopt the amendment for the first time in the 2019 annual financial statements.
It is unlikely that the amendment will have a material impact on the Group's annual financial statements.

3. Property, plant and equipment

GROUP	2017			2016		
Figures in Namibian Dollar thousand	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	102 274	-	102 274	102 274	-	102 274
Buildings	231 851	(3 177)	228 674	198 453	(2 614)	195 839
Plant and machinery	15 663	(6 155)	9 508	15 144	(8 299)	6 845
Motor vehicles	13 470	(3 040)	10 430	15 296	(7 537)	7 759
Total	**363 258**	**(12 372)**	**350 886**	**331 167**	**(18 450)**	**312 717**

COMPANY	2017			2016		
Figures in Namibian Dollar thousand	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	403	(36)	367	350	(16)	334
Plant and machinery	3 453	(302)	3 151	1 882	(151)	1 731
Total	**3 856**	**(338)**	**3 518**	**2 232**	**(167)**	**2 065**

Reconciliation of property, plant and equipment - Group - 2017						
Figures in Namibian Dollar thousand	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	102 274	-	-	-	-	102 274
Buildings	195 839	36 169	(2 770)	-	(564)	228 674
Plant and machinery	6 845	3 947	(37)	-	(1 247)	9 508
Motor vehicles	7 759	4 011	(109)	-	(1 231)	10 430
	312 717	**44 127**	**(2 916)**	-	**(3 042)**	**350 886**

Reconciliation of property, plant and equipment - Group - 2016						
Figures in Namibian Dollar thousand	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	98 474	-	-	3 800	-	102 274
Buildings	127 461	72 761	(3 146)	(600)	(637)	195 839
Plant and machinery	4 222	3 531	(14)	-	(894)	6 845
Motor vehicles	7 778	3 531	(2 622)	-	(928)	7 759
	237 935	**79 823**	**(5 782)**	**3 200**	**(2 459)**	**312 717**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2017					
Figures in Namibian Dollar thousand	**Opening balance**	**Additions**	**Disposals**	**Depreciation**	**Total**
Buildings	334	53	-	(20)	367
Plant and machinery	1 731	1 571	-	(151)	3 151
	2 065	**1 624**	-	**(171)**	**3 518**

Reconciliation of property, plant and equipment - Company - 2016					
	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Buildings	-	350	-	(16)	334
Plant and machinery	62	1 735	(21)	(45)	1 731
	62	**2 085**	**(21)**	**(61)**	**2 065**

Property, plant and equipment encumbered as security

Land and buildings are mortgaged to secure bank overdrafts and loans as follows:

Buildings with a net book value of N$ 170,37 million (2016: N$ 140,89 million) serve as security over bank loans.
Motor vehicles with a net book value of N$ 0,47 million (2016: N$ 0,69 million) serve as security over bank loans.

Assets subject to finance lease (Net carrying amount) included in Note 16:

GROUP	2017	2016
Buildings	119 749	93 325
Motor vehicles	468	686
	120 217	**94 011**

Revaluations

Land and building are revalued annually. The Group's board of directors revalued the land and buildings at 31 March 2017. The valuation was based on the market value for existing use. These assumptions were based on current market conditions. The prior year was valued by the Group's board of directors at 31 March 2016 at the carrying value of the land and buildings.

The carrying value of the revalued assets under the cost model would have been:

GROUP	2017	2016
Land	27 076	27 076
Buildings	167 429	139 486
	194 505	**166 562**

Fair value hierarchy of property

Level 2

Land	102 274	102 274
Buildings	228 674	195 839
	330 948	**298 113**

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act of Namibia is available for inspection at the registered office of the company.

4. Investment property

GROUP	2017			2016		
Figures in Namibian Dollar thousand	**Valuation**	**Accumulated depreciation**	**Carrying value**	**Valuation**	**Accumulated depreciation**	**Carrying value**
Investment property	25 275	-	25 275	-	-	-

COMPANY	2017			2016		
Figures in Namibian Dollar thousand	**Valuation**	**Accumulated depreciation**	**Carrying value**	**Valuation**	**Accumulated depreciation**	**Carrying value**
Investment property	11 700	-	11 700	11 700	-	11 700

Reconciliation of investment property -Group - 2017			
	Opening balance	**Additions**	**Total**
Investment property	-	25 275	25 275

Reconciliation of investment property -Company - 2017			
	Opening balance	**Additions resulting from capitalised subsequent expenditure**	**Total**
Investment property	11 700	-	11 700

Reconciliation of investment property - Company - 2016			
	Opening balance	**Fair value adjustments**	**Total**
Investment property	11 000	700	11 700

	Group 2017	Group 2016	Company 2017	Company 2016
Fair value of investment properties	25 275	-	11 700	11 700

Details of property

Group

During the year the Group purchased property in Walvis Bay and Rundu that will be developed as owner occupied property. The properties will be classified as investment property until development is completed. The original cost including additions amount to N$ 25 275 000.

The investment property was valued by the Company's directors at 31 March 2017. The valuation was based on the open market value for existing use. These assumptions are based on current market conditions.

Company

Investment property consist of business premises situated on Erf 7406, Windhoek, measuring 1 767 square metres.
The original cost including additions amount to Land N$ 6,2 million (2016: N$ 6,2 million) and Buildings N$ 5,1 million (2016: N$5,1 million).

Details of valuation

The property was valued by the Company's directors at 31 March 2017. The valuation was based on open market value for existing use. These assumptions are based on current market conditions. The prior year was valued by the Group's board of directors at 31 March 2016 at the carrying value of the land and buildings.

	COMPANY	
Amounts recognised in profit and loss for the year	**2017**	**2016**
Rental income from investment property	631	631
Direct operating expenses from rental generating property	(39)	(24)
	592	**607**

Fair value hierarchy of investment property				
Level 2	**GROUP**		**COMPANY**	
Investment property	25 275	-	11 700	11 700

5. Intangible assets

GROUP	2017			2016		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	4 152	(3 302)	850	3 830	(2 878)	952

Reconciliation of intangible assets - Group - 2017				
	Opening balance	Additions	Amortisation	Total
Computer software	952	322	(424)	850

Reconciliation of intangible assets - Group - 2016				
	Opening balance	Additions	Amortisation	Total
Computer software	1 171	281	(500)	952

6. Investment in subsidiaries

The following table lists the entities which are controlled (100% held) by Nictus Holdings Ltd, either directly or indirectly through a subsidiary.

Held by holding company	Carrying amount 2017	Carrying amount 2016
Acacia Properties (Pty) Ltd	730	730
Auas Motors (Pty) Ltd	9 848	9 848
Bel Development (Pty) Ltd	16 969	-
Bonsai Investment Nineteen (Pty) Ltd	-	-
Corporate Guarantee and Insurance Company of Namibia Ltd	24 012	24 012
Grenada Investments Two (Pty) Ltd	-	-
Hakos Capital and Finance (Pty) Ltd	8 050	8 050
Hochland 7191 (Pty) Ltd	-	-
Isuzu Truck (Namibia) (Pty) Ltd	-	-
Khomas Car Rental and Leasing (Pty) Ltd	-	-
Marulaboom Properties (Pty) Ltd	-	-
Mopanie Tree Properties (Pty) Ltd	-	-
NHL Tyre and Tire (Pty) Ltd	7 500	7 500
Nictus (Pty) Ltd	30 013	13 613
Nictus Eiendomme (Pty) Ltd	472	472
Rubber Tree Properties (Pty) Ltd	32 692	32 692
Werda Weskusontwikkeling (Pty) Ltd	200	200
Willow Properties (Pty) Ltd	1 028	1 028
Yellow Wood Properties (Pty) Ltd	231	231
Indirectly held through Corporate Guarantee and Insurance Company of Namibia Ltd:		
Futeni Collections (Pty) Ltd	-	-
Karas Securities (Proprietary) Ltd	-	-
	131 745	**98 376**

7. Investments

	GROUP		COMPANY	
	2017	2016	2017	2016
At fair value through profit or loss				
Debt securities	1 000	1 020	-	-
Listed shares	19 167	17 589	6 670	7 696
Unlisted shares	-	669	-	669
	20 167	**19 278**	**6 670**	**8 365**
Loans and receivables				
Loans and receivables	42 016	46 066	-	-
Long-term portion of trade receivables	14 018	14 019	-	-
Secured advances	331 538	156 828	-	-
Preference shares	4 250	-	-	-
	391 822	**216 913**	**-**	**-**
Total investments	**411 989**	**236 191**	**6 670**	**8 365**
Non-current assets				
Designated as at Fair Value through profit (loss) (Fair Value through income)	7 670	9 385	6 670	8 365
Loans and receivables	391 822	216 913	-	-
	399 492	**226 298**	**6 670**	**8 365**
Current assets				
Designated as at Fair Value through profit (loss) (Fair Value through income)	12 497	9 893	-	-
	411 989	**236 191**	**6 670**	**8 365**

Listed and unlisted shares

A register containing particulars of companies in which shares are held, is available for inspection at the registered office and head office of the Company.

Sensitivity analysis - equity price risk

A portion of the Group's equity investments are listed on the JSE. Based on the risk profile of the listed share portfolio, the movement in the All Share Index (ALSI) would not have a material effect on the Group's results. A one percent variation in the JSE ALSI at the reporting date would have increased profit or loss by N$ 0,19 million after tax (2016: N$ 0,18 million). This analysis assumes that all other variable remain constant. The analysis was performed on the same basis for 2016.

Loans and receivables

These loans and receivables include advances made to individuals, companies and other entities in the normal course of business as asset based financing. A portion of the receivable arising is in turn financed by a reciprocal agreement with Nedbank Namibia Limited. The loans are secured by underlying assets financed. Refer to Note 16 for further information.

The underlying loans and receivables have various repayment terms, with interest bearing at the Nedbank Namibia Limited prime rate ranging from prime less 2% to prime less 1.5% (2016: prime less 2% to prime less 1.5%).

Long-term portion of trade receivables

The long-term portion of the receivables are balances of trade receivables under finance leases that will only be repaid after 12 months.

7. Investments (continued)

Secured advances

These loans and receivables include advances made to individuals, companies and other entities. These advances are secured by asset based financing, rights to claims in Corporate Guarantee and Insurance Company of Namibia Limited, pledges and suretyships to the amount of N$ 331,5 million (2016: N$ 215,4 million).

The short-term portion of secured advances are included under trade receivables in Note 11.

Preference shares

Preference shares are issued by Karas Securities (Pty) Limited with various redemption dates. The preference shares bear dividends at a fixed rate of Namibian prime bank overdraft rate. The preference dividends are payable monthly.

The short-term portion of preference shares are included under trade receivables in Note 11.

The ageing of loans and receivables at the reporting date was:

Gross	GROUP		COMPANY	
Figures in Namibia Dollar thousand	2017	2016	2017	2016
Not past due	391 822	216 913	-	-
Past due 121 - 365 days	163	1 793	-	-
	391 985	**218 706**	-	-

Provision for impairment				
Past due 121 - 365 days	(163)	(1 793)	-	-
Reconciliation of provision for impairment of loans and receivables				
Opening balance	(1 793)	(3 494)	-	-
Provision reversed during the year	1 630	1 701	-	-
	(163)	**(1 793)**	**-**	**-**
Fair value hierarchy of financial assets at fair value through profit or loss				
Level 1				
Listed shares	19 167	17 589	6 670	7 696
Debt securities	1 000	1 020	-	-
	20 167	**18 609**	**6 670**	**7 696**
Level 2				
Loans and receivables	**391 822**	**218 706**	**-**	**-**
Level 3				
Unlisted shares	-	669	-	669
	411 989	**237 984**	**6 670**	**8 365**

7. Investments (continued)

Reconciliation of financial assets at fair value through profit or loss measured at level 3 - Group - 2017			
Figures in Namibia Dollar thousand	Opening balance	Sales	Total
Unlisted shares	669	(669)	-

Reconciliation of financial assets at fair value through profit or loss measured at level 3 - Group - 2016		
Figures in Namibia Dollar thousand	Opening balance	Total
Unlisted shares	669	669

Reconciliation of financial assets at fair value through profit or loss measured at level 3 - Company - 2017			
Figures in Namibia Dollar thousand	Opening balance	Sales	Total
Unlisted shares	669	(669)	-

The Company sold its minority shares in a property holding company during the current financial year.

Reconciliation of financial assets at fair value through profit or loss measured at level 3 - Company - 2016		
Figures in Namibia Dollar thousand	Opening balance	Total
Unlisted shares	669	669

8. Deferred tax

	GROUP		COMPANY	
Figures in Namibia Dollar thousand	2017	2016	2017	2016
Recognised deferred tax asset				
No claim bonus provision	6 076	5 189	-	-
Other provisions	891	2 852	789	214
Impairment of trade receivables	921	1 997	-	-
Deferred tax balance from temporary differences other than unused tax losses	**7 888**	**10 038**	**789**	**214**
Tax losses available for set off against future taxable income	12 327	1 131	481	1 205
Total deferred tax asset	**20 215**	**11 169**	**1 270**	**1 419**
Recognised deferred tax liability				
Plant and equipment	(4 184)	(1 321)	(488)	(91)
Land and buildings	(26 811)	(21 278)	(1 392)	(1 419)
Computer software	(84)	(76)	-	-
Furniture trade receivables	(7 947)	(7 779)	-	-
Insurance contingency reserve	(7 723)	(4 967)	-	-
Total deferred tax liability	**(46 749)**	**(35 421)**	**(1 880)**	**(1 510)**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. The disclosure below as per the statement of financial position relate to the net deferred tax position per legal entity.

Deferred tax asset	5 437	5 639	-	-
Deferred tax liability	(31 971)	(29 891)	(610)	(91)
Total net deferred tax liability	**(26 534)**	**(24 252)**	**(610)**	**(91)**

8. Deferred tax (continued)

	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Reconciliation of deferred tax liability				
At beginning of year	(24 252)	(21 790)	(91)	(91)
Reduction due to rate change	-	485	-	-
Charged to other comprehensive income - revaluation of assets	-	(359)	-	-
Charged to profit or loss	(2 282)	(2 446)	(519)	-
Other	-	(142)	-	-
Total deferred tax asset	**(26 534)**	**(24 252)**	**(610)**	**(91)**

Recognition of deferred tax asset

Deferred tax assets have been recognised based on the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

No unrecognised deferred tax liabilities exists.

Tax rates

The deferred tax rate applied to the fair value adjustments of investment properties / financial assets or owner occupied property is determined at 32% (2016: 32%).

9. Inventories

	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Raw materials, components	-	887	-	-
Work in progress	971	1 962	-	-
Merchandise and finished goods	165 085	133 297	-	-
	166 056	**136 146**	**-**	**-**
Inventories (write-downs)	(3 587)	(3 930)	-	-
	162 469	**132 216**	**-**	**-**

Inventory pledged as security

No inventory is pledged as security.
No inventory is stated at net realisable value.

10. Loans to / (from) group companies

Current loans to related parties	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Acacia Properties (Pty) Ltd	-	-	8 691	8 839
Auas Motors (Pty) Ltd	-	-	1 080	25 775
Bel Development (Pty) Ltd	-	-	7 764	-
Bonsai Investments Nineteen (Pty) Ltd	-	-	29 007	29 172
Fossil Fuel Sales and Services (Pty) Ltd	-	-	-	552
Grenada Investments Two (Pty) Ltd	-	-	2 438	1 412
Hochland 7191 (Pty) Ltd	-	-	1 172	-
Isuzu Truck (Namibia) (Pty) Ltd	-	-	7 816	7 906
Marulaboom Properties (Pty) Ltd	-	-	1 526	1 785
Mopanie Tree Properties (Pty) Ltd	-	-	984	1
Nictus (Pty) Ltd	-	-	22 344	3 422
Nictus Eiendomme (Pty) Ltd	-	-	604	132
NHL Tyre and Tire (Pty) Ltd	-	-	-	22 190
Rubber Tree Properties (Pty) Ltd	-	-	6 563	-
Werda Weskusontwikkeling (Pty) Ltd	-	-	6 426	1 416
Willow Properties (Pty) Ltd	-	-	2 726	126
Yellow Wood Properties (Pty) Ltd	-	-	1 814	2 073
	-	**-**	**100 955**	**104 801**
Current loans from related parties				
Futeni Collections (Pty) Ltd	-	-	(147)	(5 535)
Hakos Capital and Finance (Pty) Ltd	-	-	(3 326)	(6 456)
Hochland 7191 (Pty) Ltd	-	-	-	(234)
Karas Securities (Pty) Ltd	-	-	(30 000)	(30 000)
NHL Tyre and Tire (Pty) Ltd	-	-	(624)	-
Nictus Ltd	(40 591)	(42 293)	(40 591)	(42 293)
Rubbertree Properties (Pty) Ltd	-	-	-	(5 024)
	(40 591)	**(42 293)**	**(74 688)**	**(89 542)**

The above loans due to and from related parties bear interest at Standard Bank Namibia overdraft rates ranging from prime less 1% to prime, are unsecured and have no fixed terms of repayment. As such the fair value approximates the carrying value.

Non-current loans from related parties				
Karas Securities (Pty) Ltd	**-**	**-**	**(15 000)**	**(15 000)**

The amount of the loans to / (from) related parties approximate its fair value.

Current assets	-	-	100 955	104 801
Non-current liabilities	-	-	(15 000)	(15 000)
Current liabilities	(40 591)	(42 293)	(74 688)	(89 542)
	(40 591)	**(42 293)**	**11 267**	**259**

11. Trade and other receivables

	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Trade receivables	322 847	421 241	4 628	4 957
Deposits	365	428	-	-
Value Added Tax	28 034	24 865	-	-
Vehicle incentive claims	329	1 501	-	-
Sundry debtors	504	831	-	-
Other receivable	5 353	4 974	13	57
	357 432	**453 840**	**4 641**	**5 014**

The short-term portion of secured advances included under trade receivables is N$ 80,5 million (2016: N$ 204,5 million) and preference shares of N$ 4,25 million (2016: N$ 13 million).

Credit risk of trade and other receivables

The maximum exposure to credit risk at the reporting date is the carrying value of each class of loan mentioned above.

Fair value of trade and other receivables

The carrying amounts of trade and other receivables approximate their fair value.

Segmental split	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Retail	120 247	119 027	-	-
Property companies	7 063	14 054	-	-
Insurance & Finance	229 972	320 167	-	-
Head Office	150	592	4 641	5 014
	357 432	**453 840**	**4 641**	**5 014**

The ageing of trade and other receivables (excluding VAT) at the reporting date was:

Gross	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Not past due	318 490	416 264	4 641	5 014
Past due 0 - 30 days	7 553	7 763	-	-
Past due 31 - 120 days	2 292	7 439	-	-
Past due 121 - 365 days	4 528	2 098	-	-
More than one year	2 375	2 098	-	-
	335 238	**435 662**	**4 641**	**5 014**
Impairment allowance				
Past due 31 - 120 days	1 694	4 475	-	-
Past due 121 - 365 days	1 988	1 583	-	-
More than one year	2 158	629	-	-
	5 840	**6 687**	**-**	**-**
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	6 687	7 737	-	-
Provision raised	454	(155)	-	-
Provision utilised	(1 301)	(895)	-	-
	5 840	**6 687**	**-**	**-**

12. Cash and cash equivalents

Cash and cash equivalents consist of:

	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Cash on hand	215	245	7	13
Bank balances	110 160	231 013	398	48
Short-term deposits	226 615	241 243	-	-
Bank overdraft	-	(6 502)	-	(2 796)
	336 990	**465 999**	**405**	**(2 735)**
Current assets	336 990	472 501	405	61
Current liabilities	-	(6 502)	-	(2 796)
	336 990	**465 999**	**405**	**(2 735)**

Included in cash and cash equivalents are short term deposits to comply with necessary liquidity requirements in terms of insurance regulations in Namibia.

The total amount of undrawn facilities	-	6 498	-	-

13. Stated capital

Authorised - no par value shares				
1billion ordinary no par value shares (2016: 1 billion)	150	150	150	150

All unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Issued				
53 443 500 Ordinary no par value shares (2016: 53 443 500 Ordinary no par value shares)	129	129	129	129

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All stated capital is fully paid up.

14. Revaluation reserve

The revaluation reserve relates to property that is carried at its revalued amounts. There are no restrictions on the distribution or transfers to or from this reserve.

	GROUP	
Figures in Namibia Dollar thousand	**2017**	**2016**
Opening balance	58 767	55 375
Revaluation of property	-	3 392
	58 767	**58 767**

15. Insurance contingency reserve

Transfers to and from this reserve are treated as appropriations of retained earnings. A reserve is created in Corporate Guarantee and Insurance Company of Namibia Ltd, although not required by regulatory authorities in Namibia.

Opening balance	15 551	19 442
Transfer to retained earnings	-	(3 891)
	15 551	**15 551**

Due to unexpected increase in cancellations during the financial year, the Board decided to keep the reserve unchanged from the prior year. This is to ensure provision is made for uncertain future events that could occur.

16. Interest-bearing loans and borrowings

Figures in Namibia Dollar thousand	GROUP		COMPANY	
Non-Current Liabilities	**2017**	**2016**	**2017**	**2016**
Bank loans	117 609	92 512	-	-
Unsecured loans	10 393	8 189	-	-
	128 002	**100 701**	**-**	**-**
Current Liabilities				
Bank loans	2 349	3 135	-	-
Unsecured loans	37 522	42 434	32 467	38 838
	39 871	**45 569**	**32 467**	**38 838**
Total interest-bearing loans and borrowings	**167 873**	**146 270**	**32 467**	**38 838**

The carrying amount of all loans and borrowings approximate their fair value.

Bank loans
Bank loans of the Group are from Standard Bank of Namibia Limited and Nedbank Namibia Limited.

Loans from Standard Bank Namibia Limited bear interest at Standard Bank Namibia overdraft rates ranging from prime less 1,5% to prime less 0,75%.

Loans from Nedbank Namibia Limited bear interest at Nedbank Namibia prime less 1,25% and is secured by first mortgage bond Refer Note 3.

Unsecured loans
Unsecured loans of the Group are from Nedbank Namibia Limited and Veritrust (Pty) Ltd.

The non-current portion of the loans is due to a reciprocal agreement with Nedbank Namibia Limited. The loans bear interest at the Nedbank Namibia Bank overdraft rate ranging from less 2% to less 1,5% (2016: prime less 2% to less 1,5%)

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

17. Trade and other payables

Trade payables	66 653	63 234	4 275	1 665
Value Added Tax	736	4 080	492	588
Sundry creditors	5 285	931	-	-
Accruals	8 033	10 396	-	-
	80 707	**78 641**	**4 767**	**2 253**

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 33.

18. Provisions

Figures in Namibia Dollar thousand	Opening balance	Raised	Reversed	Total
Reconciliation of provisions - Group - 2017				
Used vehicle warranty provision	88	141	-	229
Used vehicle extended warranty provision	197	-	(171)	26
Workshop warranty provision	710	237	-	947
Service and maintenance plan provisions	1 503	13	-	1 516
Workshop comeback provision	1 277	-	(631)	646
	3 775	**391**	**(802)**	**3 364**

Figures in Namibia Dollar thousand	Opening balance	Raised	Reversed	Utilised	Total
Reconciliation of provisions - Group - 2016					
Used vehicle warranty provision	179	-	-	(91)	88
Used vehicle extended warranty provision	271	-	-	(74)	197
Workshop warranty provision	624	86	-	-	710
Workshop comeback provision	1 105	172	-	-	1 277
Service and maintenance plan provisions	1 428	396	(321)	-	1 503
	3 607	**654**	**(321)**	**(165)**	**3 775**

The provisions represent managements best estimate of the Group's liability under new and used vehicles sold during the year.

Used vehicle extended warranty provision covers the risk on used vehicles sold for a period of 2 years, unlimited kilometres, on warranty claims.

Used vehicle warranty provision covers the risk for a period of 30 days after sale, on major defects on used vehicles.

Workshop warranty provision covers the risk that warranty claims from General Motors South Africa (Proprietary) Limited is not recovered.

Workshop comeback provision covers the risk of major defaults on work done by the service department.

Service and maintenance plan provision covers the risk on service costs through service and maintenance plans sold on new vehicles.

19. Insurance contract liability

Figures in Namibia Dollar thousand	GROUP	
Insurance contract liability	**2017**	**2016**
Gross provision for unearned premiums	1 139 520	1 125 506
Gross provision for no claim bonus	18 987	16 216
Gross provision for IBNR	3 001	10 886
	1 161 508	**1 152 608**
Analysis of movements in gross unearned premiums		
Opening balance	1 125 506	1 003 588
Claims paid	(19 174)	(12 109)
IBNR created	7 885	2 723
Net written premiums	39 040	146 726
Net underwriting result	(13 737)	(15 422)
	1 139 520	**1 125 506**

19. Insurance contract liability (continued)

Figures in Namibia Dollar thousand	GROUP	
Analysis of movements in no claim bonus provision	**2017**	**2016**
Opening balance	16 216	13 742
No claim bonus charge to profit or loss	61 225	52 395
No claim bonus paid	(58 454)	(49 921)
	18 987	**16 216**
Analysis of movements in gross IBNR		
Opening balance	10 886	13 609
IBNR portion created	(7 885)	(2 723)
	3 001	**10 886**

Process used to determine significant assumptions

Insurance risks are unpredictable and the Group recognises that it is impossible to forecast with absolute precision, future claims payable under existing insurance contracts. Over time, the Group has developed a methodology that is aimed at establishing insurance provisions that have a reasonable likelihood of being adequate to settle all its insurance obligations.

Claim provisions
The Group's outstanding claims provisions include notified claims as well as incurred but not yet reported claims.

Notified claims
Each notified claim is assessed on a separate, case-by-case basis with due regard to the specific circumstances, information available from the insured and / or loss adjuster and past experience with similar claims. The Group employs staff experienced in claims handling and applies standardised policies and procedures around claims assessment.

Claims incurred but not yet reported (IBNR)
Due to the short duration between the occurrence, reporting and settlement of claims, the IBNR is calculated at 7% of the net written premium.

Premium provisions
The Group raises provisions for unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. An unearned premium provision is created at the commencement of each insurance contract and is then released as the risk under the contract expires.

Assumptions

The assumption that has the greatest effect on the measurement of insurance contract provisions is the percentage applied to gross premiums written in the IBNR calculation. A 7% of written premium assumption before consolidated entries has been used for 2017 and 2016 financial years.

Changes in assumptions

There was no change in the IBNR assumption for policies used during the period under review.

Sensitivity of assumptions

The table below demonstrates the impact of a hypothetical change in material assumptions. If the IBNR is calculated at 8% instead of the statutory 7%, the 1% increase will decrease the before tax profit by:

IBNR at 1% of net written premiums	432	1 467

Considering the nature of the insurance contracts sold, it is expected that all insurance contract liabilities will be settled within 12 months from reporting date.

20. Revenue

	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Sale of goods	881 214	851 566	-	-
Management fees from subsidiaries	-	-	27 263	21 151
Rental income	448	296	631	631
Finance income	55 168	47 104	8 191	4 829
Insurance premium income	35 171	31 649	-	-
Dividends received from subsidiaries	-	-	53 326	7 165
	972 001	**930 615**	**89 411**	**33 776**
Insurance premium income consists of:				
Net written premiums	39 039	146 726	-	-
Change in net provision for unearned premiums	(3 868)	(115 077)	-	-
	35 171	**31 649**	**-**	**-**

Finance income and dividends received from subsidiaries in the Company were reclassified as revenue and were previously included as part of investment income. To ensure consistency, all comparative figures were reclassified to reflect the change. The restatement relates to a reclassification within the Company only and has no effect on the Group's basic or diluted earnings per share.

21. Other income

	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Sundry income	16 059	17 167	51	161
Profit on sale of unlisted investments	2 647	-	2 647	-
	18 706	**17 167**	**2 698**	**161**

22. Investment Revenue

From investments in financial assets measured at fair value through profit or loss:	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Dividends received on listed financial assets	5 606	5 793	327	327
Dividends received on preference shares	965	777	-	-
Interest received on bank and other	27 593	23 116	-	-
Fair value adjustment on listed financial assets	(1 280)	(2 320)	(1 026)	(2 437)
Investment income from operations	**32 884**	**27 366**	**(699)**	**(2 110)**
Investment income from investments in financial assets:				
Bank and other	**6 471**	**4 359**	**926**	**539**

Finance income and dividends received from subsidiaries in the Company were reclassified as revenue and were previously included as part of investment income. To ensure consistency, all comparative figures were reclassified to reflect the change. The restatement relates to a reclassification within the Company only and has no effect on the Group's basic or diluted earnings per share.

Notes to the Annual Financial Statements (continued)

23. Operating profit

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Figures in Namibia Dollar thousand	2017	2016	2017	2016
Insurance expenses	GROUP		COMPANY	
Claims incurred	11 289	12 109	-	-
No claims bonus allocations	61 225	52 395	-	-
	72 514	**64 504**	**-**	**-**
Audit fees	1 993	2 299	362	421

Operating lease charges				
Premises	8 436	11 361	1 189	3 166
Equipment	421	458	-	-
	8 857	**11 819**	**1 189**	**3 166**
Profit on disposal of property, plant and equipment	(835)	(1 329)	-	-
Gain on sale of non-current assets held for sale and net assets of disposal groups	-	(3 314)	-	-
Amortisation of intangible assets	424	500	-	-
Depreciation on property, plant and equipment	3 042	2 459	171	61
Amount expensed in respect of employee costs:				
Salaries	92 988	72 512	5 165	2 890
Defined contribution funds	-	5 655	-	104
Medical aid contribution	-	5 470	-	63

24. Finance costs

	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Preference dividends paid to related parties	-	-	3 332	3 091
Bank and other	8 228	2 602	38	7
Interest paid to related parties	8 142	6 036	9 519	7 852
Total finance costs	**16 370**	**8 638**	**12 889**	**10 950**

25. Fair value adjustments

	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Investment property (Fair value model)	-	-	-	700

26. Taxation

Major components of the tax expense

Deferred Taxation	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Originating and reversing temporary differences	2 283	2 446	519	-
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	21 786	30 451	60 379	12 021
Tax at the applicable tax rate of 32% (2016: 32%)	(6 972)	(9 744)	(19 321)	(3 847)
Tax effect of adjustments on taxable income				
Tax losses utilised	2 311	4 467	2 318	3 195
Exempt income	2 378	2 324	18 016	2 621
Rate Change	-	507	-	-
Non-deductible expenses	-	-	(1 532)	(1 969)
	(2 283)	**(2 446)**	**(519)**	**-**
The estimated tax losses available for set-off against future taxable income amount to:	79 054	56 818	1 504	10 961
Estimated taxation losses of the Company and certain subsidiaries not utilised to create a deferred tax asset to reduce the deferred tax liability and available for future set-off against future taxable income amount to:	50 115	32 850	-	7 243

27. Other comprehensive income

Components of other comprehensive income - Group - 2016

Items that will not be reclassified to profit or loss			
Movements on revaluation	**Gross**	**Tax**	**Net**
Gains on property valuation	3 200	192	3 392

Notes to the Annual Financial Statements (continued)

28. Cash generated from (used in) operations

	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Profit before taxation	21 786	30 451	60 379	12 021
Adjustments for:				
Depreciation and amortisation	3 466	2 959	171	61
Gains on disposals of property, plant and equipment	(835)	(1 329)	-	-
Gains on disposal of unlisted investments	(2 647)	-	(2 647)	-
Investment income	(6 471)	(4 359)	(926)	(539)
Finance costs	16 370	8 638	12 889	10 950
Fair value gains	-	-	-	(700)
Movements in provisions	(411)	169	-	-
Movements in insurance contract liability	8 900	121 669	-	-
Changes in working capital:				
Inventories	(30 253)	(11 945)	-	-
Trade and other receivables	97 093	(182 858)	373	1 529
Trade and other payables	2 066	(26)	2 514	1 236
	109 064	**(36 631)**	**72 753**	**24 558**

29. Tax paid

Tax paid	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Balance at beginning of the year	31	28	-	-
Balance at end of the year	(31)	(31)	-	-
	-	**(3)**	**-**	**-**

30. Dividends paid

Dividends paid	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Dividends	(9 620)	(9 620)	(9 620)	(9 620)

31. Related parties

Relationships:

Subsidiaries: Refer to Note 6

Related companies: Veritrust (Pty) Ltd
Nictus Ltd

Members of key management: N.C. Tromp
F.R. van Staden
J.J. Retief
W.O. Fourie
P.J. de W. Tromp
G.R. de V. Tromp

Independent Non - excutive directors: Gerard Swart
J.D. Mandy

The Group has a related party relationship with its subsidiaries. Key management personnel has been defined as the executive directors of the Company and managing directors of segments within the Group. The definition of key management includes the close members of family of key management personnel and any other entity over which key management exercises control.

Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group. They may include that individual's domestic partner and children, the children of the individuals domestic partner, and dependants of the individual or the individual's domestic partner.

Transactions with key management personnel

Details pertaining to directors' and key management compensations are set out in Note 32.

The Group encourages employees to purchase goods and services from Group companies. These transactions are generally conducted on terms no more favourable than those entered to with third parties on an arm's length basis, although in some cases nominal discounts are granted. Transactions with key personnel are conducted on similar terms. No abnormal or non-commercial credit terms are allowed, and no impairments were recognised in relation to any transactions with key personnel during the year, nor have they resulted in any non-performing debts at year-end.

Similar policies are applied to key personnel at subsidiary level who are not defined as key management personnel at Group level.

Certain directors of the Group are also non-executive directors of other public companies which may transact with the Group. The relevant directors do not believe that they have significant influence over the financial and operational policies of those companies. Those companies are therefore not regarded as related parties.

The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries of the Group and key management (as defined) and / or organisations in which key management personnel have significant influence:

Related party balances

Loan accounts of related parties	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Loan from Nictus Ltd	(40 591)	(42 293)	(40 591)	(42 293)
Loans from subsidiaries (excluding preference shares)	-	-	(4 097)	(16 882)
Loans to subsidiaries (excluding preference shares)	-	-	100 955	108 629
Preference shares issued by subsidiary	-	-	(45 000)	(45 000)
Amounts included in Trade receivable regarding related parties				
Trade receivables due from key management	423	2 982	-	-
Related party balances with key management, personnel and companies affiliated with key management in the Group				
Investments: Loans and receivables (Preference shares)	8 500	10 000	-	-
Loan due to Veritrust (Pty) Ltd	(32 467)	(38 838)	(32 467)	(38 838)
Unearned premium reserve account	(18 169)	(23 043)	-	-

Related party transactions

Interest paid to / (received from) related parties	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Nictus Ltd	4 276	3 399	4 276	3 399
Veritrust (Pty) Ltd	3 859	2 637	3 859	2 637
Interest paid to subsidiaries	-	-	1 384	1 816
Interest received from subsidiaries	-	-	(8 191)	(4 829)
Preference dividends paid to Karas	-	-	3 332	3 091
Rent paid to / (received from) related parties				
Rent paid to subsidiaries	-	-	732	624
Rent received from subsidiaries	-	-	(631)	(631)

31. Related parties (continued)

	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Management fees received from subsidiaries	-	-	(27 263)	(21 151)
Related party transactions with key management, personnel and companies affiliated with key management in the Group				
Gross written premiums	1 535	3 075	-	-
Cancellations and endorsements	46	1 546	-	-
Claims paid	65	393	-	-
Change in provision for unearned premiums	(4 874)	2 519	-	-
Preference dividends paid	911	470	-	-
Dividends received from related parties				
Dividends received from subsidiaries	-	-	(53 326)	(7 165)
Dividends received from Nictus Ltd	-	-	(327)	(327)

Loans due to and by subsidiaries, excluding preference shares, bear interest at a combination of Namibian and South African Standard Bank prime bank overdraft rates, are unsecured and have no fixed terms of repayment. Intercompany trade receivables and payables are subject to the same terms and conditions applied to the general public. Interest is charged at market related rates and settlement is expected to be made in cash.

32. Directors' emoluments

Executive			
2017	**Management and consulting fees - Holding company**	**Management and consulting fees - subsidiaries**	**Total**
NC Tromp	1 122	3 025	4 147
JJ Retief	1 550	-	1 550
PJ De W Tromp	1 966	806	2 772
FR van Staden	2 278	(30)	2 248
WO Fourie	-	2 311	2 311
	6 916	**6 112**	**13 028**

Executive				
2016	**Management and consulting fees - Holding company**	**Directors' fees - subsidiaries**	**Management and consulting fees - subsidiaries**	**Total**
NC Tromp	1 647	193	2 825	4 665
JJ Retief	-	34	1 712	1 746
PJ De W Tromp	970	141	1 466	2 577
FR van Staden	129	190	2 818	3 137
WO Fourie	663	34	1 097	1 794
	3 409	**592**	**9 918**	**13 919**

Non-executive			
2017	**Directors' fees**	**Consulting Fees**	**Total**
GR de V Tromp	-	1 640	1 640
Gerard Swart	120	-	120
JD Mandy	180	-	180
	300	**1 640**	**1 940**

Non-executive		
2016	**Consulting fees**	**Total**
GR de V Tromp	625	**625**

33. Risk management

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Financial risk management

The Group's activities expose it to a variety of financial risks from the use of financial instruments: market risk (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout the annual financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its cash flow requirements on a daily basis against monthly projections and focuses on optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As at 31 March 2017, they Company's current liabilites exceeded the current assets. Group loans will not be recalled until such time that the Company has sufficient funds to settle these liabilities. For external payables the Company will obtain funds from its subsidiaries and related companies to settle these in the normal course of business.

In addition, the Group maintains the following lines of credit:

- Medium term loans from Standard Bank Namibia Limited
- Loans from Nedbank Namibia Limited

The following are the contractual maturities of non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements.

Group - 2017					
Figures in Namibian Dollar thousand	**Carrying amount**	**Contractual cash flow**	**12 months or less**	**1 - 2 years**	**2 - 5 years**
Unsecured loans	47 915	47 915	37 522	10 393	-
Loans from related parties	40 591	40 591	40 591	-	-
Bank loans	119 958	119 958	2 349	2 390	115 219
Trade and other payables (excl. VAT)	79 971	79 971	79 971	-	-
Insurance contract liability	1 161 508	1 161 508	1 161 508	-	-

Group - 2016					
Figures in Namibian Dollar thousand	**Carrying amount**	**Contractual cash flow**	**12 months or less**	**1 - 2 years**	**2 - 5 years**
Unsecured loans	50 623	50 623	42 434	8 189	-
Loans from related parties	42 293	42 293	42 293	-	-
Bank loans	95 647	95 647	3 512	3 629	88 506
Bank overdraft	6 502	6 502	6 502	-	-
Trade and other payables (excl. VAT)	74 606	74 606	74 606	-	-
Insurance contract liability	1 152 608	1 152 608	1 152 608	-	-

33. Risk management (continued)

Company - 2017				
Figures in Namibian Dollar thousand	**Carrying amount**	**Contractual cash flow**	**12 months or less**	**1 - 2 years**
Unsecured loans	32 467	32 467	32 467	-
Trade and other payables (excl. VAT)	4 275	4 275	4 275	-
Loans from related parties	44 688	44 688	44 688	-
Cumulative redeemable preference shares	45 000	49 491	32 205	17 286

Company - 2016				
Figures in Namibian Dollar thousand	**Carrying amount**	**Contractual cash flow**	**12 months or less**	**1 - 2 years**
Unsecured loans	38 838	38 838	38 838	-
Trade and other payables (excl. VAT)	1 665	1 665	1 665	-
Loans from related parties	59 175	59 175	59 175	-
Bank overdraft	2 796	2 796	2 796	-
Cumulative redeemable preference shares	45 000	48 386	32 258	17 257

Interest rate risk

Cash flow interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

Variable rate instruments	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Financial assets	1 078 377	1 137 367	112 671	118 471
Financial liabilities	(288 435)	(269 372)	(126 430)	(147 841)
	789 942	**867 995**	**(13 759)**	**(29 370)**
Sensitivity analysis				
As at 31 March				
Movement	7 899	8 680	(138)	(294)

An increase of 100 basis points in interest rates at the reporting date would have increased profit by the amounts shown below.

A decrease of 100 basis points would have an equal but opposite effect on profit. This analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2016.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments.

Trade and other receivables and loans and receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

Geographically the concentration of credit risk is spread within Namibia.

The Group Executive Committee has established a credit policy for each segment under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings obtained from the TransUnion Credit Bureau, reviews of claims history for insurance contracts, where available, and in some cases bank references.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group incurs financial liabilities and assets in order to manage market risks. All such transactions are carried out within the guidelines set by the Group Executive Committee.

Interest rate risk
The Group adapts a policy of ensuring that its exposure to changes in interest rates and borrowings is limited by setting the terms and conditions of loans to adjust with changes in the market conditions. The Group also aims to ensure that the profit margin is sufficient to cover any rate changes.

Other market price risk
Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market expectations. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the directors of the relevant segment. Refer Note 7 for sensitivity analysis of equity investments.

The primary goal of the Group's investment strategy is to maximise profitability through well managed investments.
Management is assisted by external advisors in this regard.

Insurance risks

Terms and conditions of insurance contracts

Corporate Guarantee and Insurance Company of Namibia Limited is registered as a short-term insurance company by the regulatory authority in Namibia and is registered for all statutory classes of short-term insurance business.

The Group underwrites finite risk policies to a defined target market which concentrates primarily on the small and medium enterprises in the commercial market and secondary on the lower end of the corporate commercial market as well as the higher end of the personal market. In the personal segment the Group does not cater for the insurance needs of the general public. Commercial and personal clients are carefully selected according to a strategy of prudent risk selection.

The Group aims to deliver innovative and tailored insurance risk solutions to its clients allowing them to retain some insurance risk and effectively operate as autonomous insurance entities. The finite risk policies expose the Group to limited risk and include profit participation measures to promote good risk management amongst the insured. The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out in the notes.

Insurance risk and policies for mitigating insurance risk

The primary activity of the Group relates to the assumption of the risk of loss from events involving persons or organisations. Such risks may relate to property, accident, personal accident, motor, liability, engineering, credit and other perils that may arise from an insured event. As such the Group is exposed to the uncertainty surrounding the timing, severity and frequency of claims under insurance contracts.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected and that the Group does not charge premiums appropriate for the risk accepted. Insurance events are, by nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. The Group manages its insurance risk through underwriting limits, approval procedures for new clients, pricing guidelines and centralized management of risk and monitoring of emerging issues.

Underwriting strategy

The Group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a portfolio of similar risks spread over a large geographical area. The underwriting strategy is continuously monitored, updated and determines the classes of business to be written, the territories in which business is to be written and the industry sectors to which the Group is prepared to accept exposure. The strategy is cascaded down by the respective segment executive committees to individual underwriters through detailed underwriting authorities that set the limits for underwriters by client size, class of business, territory and industry in order to enforce appropriate risk selection within the portfolio. In addition, management meets monthly to review underwriting information including premium income and loss ratios by class, territory and industry.

Concentrations of insurance risk and policies mitigating the concentrations

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Group's resources. The Group monitors the concentration risk by geographical segment and class of business. The Group is broadly represented within Namibia and exposures to risks are representative of the economic activity in the various regions. The Group has exposure to all major lines of insurance business with very limited exposure to specialised areas of insurance.

33. Risk management (continued)

Exposure relating to catastrophic events

The Group sets out the total aggregate exposure that it is prepared to accept in certain regions to a range of events such as natural catastrophes. The aggregate position is reviewed annually.

The Group considers that its most significant exposure would arise in the event of a major environmental disaster. This analysis has been performed through identifying key concentration of risks based on different classes of businesses exposed in the event of such an incident.

Other risk and policies for mitigating these risks

Insurance companies are exposed to the risk of false, invalid and exaggerated claims. Measurements are in place to improve the Group's ability to proactively detect fraudulent claims.

Claims development

The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term, subject to pre-determined time scales dependent on the nature of the insurance contract. The Group is therefore exposed to the risk that claims reserves will not be adequate to fund historic claims (run-off risk). To manage run-off risk the Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices. Consequently, the Company's history has proven the reserves to be sufficient to fund the actual claims paid.

Foreign exchange risk

The Group carries no significant foreign currency risk in its normal course of business.

The Group reviews its foreign currency exposure, including commitments on an ongoing basis.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on shareholders' equity based on an accepted sovereign bond and risk factor.

There were no changes in the Group's approach to capital management during the year.

The Group's insurance subsidiary is subject to externally legislative capital requirements. The subsidiaries comply with the requirements in Namibia.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

34. Financial assets by category

The accounting policy 1.7 for financial instruments have been applied to the line items below:

Figures in Namibian Dollar thousand			
2017 - Group	**Loans and receivables**	**Fair value through profit or loss - held for trading**	**Total**
Cash and cash equivalents	336 990	-	336 990
Investments	391 822	20 167	411 989
Trade and other receivables (excluding VAT)	329 398	-	329 398
	1 058 210	**20 167**	**1 078 377**

Figures in Namibian Dollar thousand			
2016 - Group	**Loans and receivables**	**Fair value through profit or loss - held for trading**	**Total**
Cash and cash equivalents	472 501	-	472 501
Investments	216 913	19 278	236 191
Trade and other receivables (excluding VAT)	428 675	-	428 675
	1 118 089	**19 278**	**1 137 367**

Company			
2017	**Loans and receivables**	**Fair value through profit or loss - held for trading**	**Total**
Loans to related parties	100 955	-	100 955
Investments	-	6 670	6 670
Trade and other receivables (excluding VAT)	4 641	-	4 641
Cash and cash equivalents	405	-	405
	106 001	**6 670**	**112 671**

Company			
2016	**Loans and receivables**	**Fair value through profit or loss - held for trading**	**Total**
Loans to related parties	105 031	-	105 031
Investments	-	8 365	8 365
Trade and other receivables (excluding VAT)	5 014	-	5 014
Cash and cash equivalents	61	-	61
	110 106	**8 365**	**118 471**

35. Financial liabilities by category

The accounting policy 1.7 for financial instruments have been applied to the line items below:

Group		
2017	**Financial liabilities at amortised cost**	**Total**
Loans from related parties	40 591	40 591
Interest-bearing loans and borrowings	167 873	167 873
Trade and other payables (excluding VAT)	79 971	79 971
	288 435	**288 435**

Group		
2016	**Financial liabilities at amortised cost**	**Total**
Loans from related parties	42 293	42 293
Bank overdraft	6 502	6 502
Interest-bearing loans and borrowings	146 270	146 270
Trade and other payables (excluding VAT)	74 606	74 606
	269 671	**269 671**

35. Financial liabilities by category (continued)

Figures in Namibian Dollar thousand		
2017 - Company	**Financial liabilities at amortised cost**	**Total**
Interest-bearing loans and borrowings	32 467	32 467
Loans from related parties	44 688	44 688
Preference shares	45 000	45 000
Trade and other payables (excluding VAT)	4 275	4 275
	126 430	**126 430**

2016 - Company	**Financial liabilities at amortised cost**	**Total**
Bank overdraft	2 796	2 796
Interest-bearing loans and borrowings	38 838	38 838
Loans from related parties	59 542	59 542
Preference shares	45 000	45 000
Trade and other payables (excluding VAT)	1 665	1 665
	147 841	**147 841**

Refer to accounting policy 1.7 for determining of fair values for financial liabilities.

36. Commitments

Capital expenditure

Approved by directors and contracted for	GROUP	
Figures in Namibian Dollar thousand	**2017**	**2016**
Property, plant and equipment	-	109 369

This committed expenditure relates to property and will be financed by a combination of the Group's own reserves and external financing.

The company provided support to subsidiary companies, where the current liabilities exceeded current assets, for payments of debt until such time the subsidiary's current assets exceeds its current liabilities.

Operating leases – as lessee (expense)

Minimum lease payments due		
within one year	5 063	6 400
in second to fifth year inclusive	6 133	5 598
	11 196	**11 998**

Operating lease payments represent rentals payable by the Group for certain of its office and trading premises

37. Group segmental analysis

The Group has the following reportable segments which are differentiated by the activities that each undertake, products they manufacture and markets they operate in.

These reportable segments as well as the products and services from which each of them derives revenue are set out below:

Reportable	Segment Products and services
Retail	Operates the General Motors (GM) franchise throughout Namibia, in addition to operation as distributor and retailer of Goodyear products. Furniture retail company with branches located throughout Namibia.
Property companies	Property companies mainly for own use.
Insurance & Finance	Short term insurance through the alternative risk transfer model as well as vehicle financing.
Head Office	Investment holding company

Segmental revenue and results

The Board assesses the performance of the operating segments based on the measure of profit / (loss) after taxation. This measure excludes the effects of non-recurring expenditure from the operating segments such as restructure costs and legal expenses. The measure also excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments. The results of discontinued operations are not included in the measure of profit / (loss) after taxation. This measure is consistent with all prior periods which are presented.

2017	Revenue			Separately disclosable items		
Figures in Namibian Dollar thousand	**Total segment revenue**	**Inter-segment revenue**	**Revenue from external customers**	**Net profit after taxation**	**Finance cost**	**Taxation**
Retail	893 883	-	893 883	(1 921)	20 170	1 939
Property companies	23 718	-	23 718	3 527	17 192	656
Insurance & Finance	101 663	(4 333)	97 330	40 885	1 367	910
Head Office	88 780	-	88 780	59 272	12 890	519
Total	**1 108 044**	**(4 333)**	**1 103 711**	**101 763**	**51 619**	**4 024**
Reconciling items						
Eliminations			(131 710)	(82 260)		
Intersegment Revenue / Profit for the year			972 001	19 503		

2016	Revenue			Separately disclosable items		
	Total segment revenue	**Inter-segment revenue**	**Revenue from external customers**	**Net profit after taxation**	**Finance cost**	**Taxation**
Retail	863 290	(139)	863 151	10 809	13 634	3 174
Property companies	10 754	-	10 754	5 797	7 912	(801)
Insurance & Finance	94 949	(2 757)	92 192	31 732	1 295	3 107
Head Office	33 146	-	33 146	10 991	12 833	-
Total	**1 002 139**	**(2 896)**	**999 243**	**59 329**	**35 674**	**5 480**
Reconciling items						
Eliminations			(68 628)	(31 324)		
Intersegment Revenue / Profit for the year			930 615	28 005		

37. Group segmental analysis (continued)

Analysis of revenue by product/service

Revenue from external customers was derived from the following products and services:

Product/service	GROUP		COMPANY	
Figures in Namibia Dollar thousand	2017	2016	2017	2016
Sale of goods	881 217	851 566	-	-
Rental income	447	296	631	631
Finance income	55 166	47 104	8 191	4 829
Insurance premium income	35 171	31 649	-	-
Management fees from subsidiaries	-	-	27 263	21 151
Dividends received	-	-	53 326	7 165
Total revenue	**972 001**	**930 615**	**89 411**	**33 776**

Segment assets and liabilities

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The segment assets and liabilities include tax assets and liabilities and have been included in the elimination column to agree to the amounts per the financial statements.

Capital expenditure reflects additions to non-current assets, other than financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contracts.

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the statement of financial position.

2017	Capital expenditure	Total assets	Total liabilities
Retail	7 058	340 762	235 240
Property companies	38 804	365 034	299 486
Insurance & Finance	13	1 270 148	1 219 081
Head Office	1 624	247 934	127 533
Total	**47 499**	**2 223 878**	**1 881 340**
Intersegment eliminations		(572 519)	(395 326)
Total as per statement of financial position		1 651 359	1 486 014

2016	Capital expenditure	Total assets	Total liabilities
Retail	5 739	293 765	252 110
Property companies	71 049	311 411	249 952
Insurance & Finance	-	1 267 221	1 206 223
Head Office	-	218 797	148 520
Total	**76 788**	**2 091 194**	**1 856 805**

Reconciling items

Intersegment eliminations		(474 117)	(395 190)
Total as per statement of financial position		1 617 077	1 461 615

38. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Weighted average number of shares	GROUP	
	2017	2016
Weighted average number of shares in issue for basic earnings per share and headline earnings per share:	53 443 500	53 443 500
Basic earnings per share		
From continuing operations (cents per share)	36,49	52,40
Reconciliation of profit or loss for the year to basic earnings (figures in Namibian Dollar thousand)		
Profit or loss for the year attributable to equity holders of the parent	19 503	28 005

Diluted earnings per share

In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

Diluted earnings per share		
From continuing operations (cents per share)	36,49	52,40

Headline earnings and diluted headline earnings per share

Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and diluted headline earnings by the weighted average number of ordinary share outstanding during a period.

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and diluted earnings by excluding separately identifiable re-measurement items. Headline earnings and diluted headline earnings are presented after tax and noncontrolling interest.

Headline earnings per share (cents)	29,98	49,91
Reconciliation between earnings and headline earnings (figures in Namibian Dollar thousand)		
Basic earnings	19 503	28 005
Adjusted for:		
Profit on disposal of property, plant and equipment	(835)	(1 329)
Profit on disposal of unlisted investments	(2 647)	-
	16 021	**26 676**
Reconciliation between diluted earnings and diluted headline earnings		
Diluted earnings	19 503	28 005
Adjusted for:		
Profit on disposal of property, plant and equipment and unlisted investments	(3 482)	(1 329)
	16 021	**26 676**
Dividends per share		
Final (cents)	12,00	18,00

Notes to the Annual Financial Statements (continued)

39. Acquision of subsidiaries

The Group aquired 100% interest in Bel Development (Pty) Ltd during the current year for a consideration of N$18 million. Bel Development (Pty) Ltd is a property investment company forming part of the Group's property segment.

Fair value of assets acquired	GROUP		COMPANY	
Figures in Namibia Dollar thousand	**2017**	**2016**	**2017**	**2016**
Property, plant and equipment	18 000	-	18 000	-
Consideration paid				
Cash	(18 000)	-	(18 000)	-
Net cash outflow on acquisition				
Cash consideration paid	(18 000)	-	(18 000)	-

40. Discontinued operations or disposal groups or non-current assets held for sale

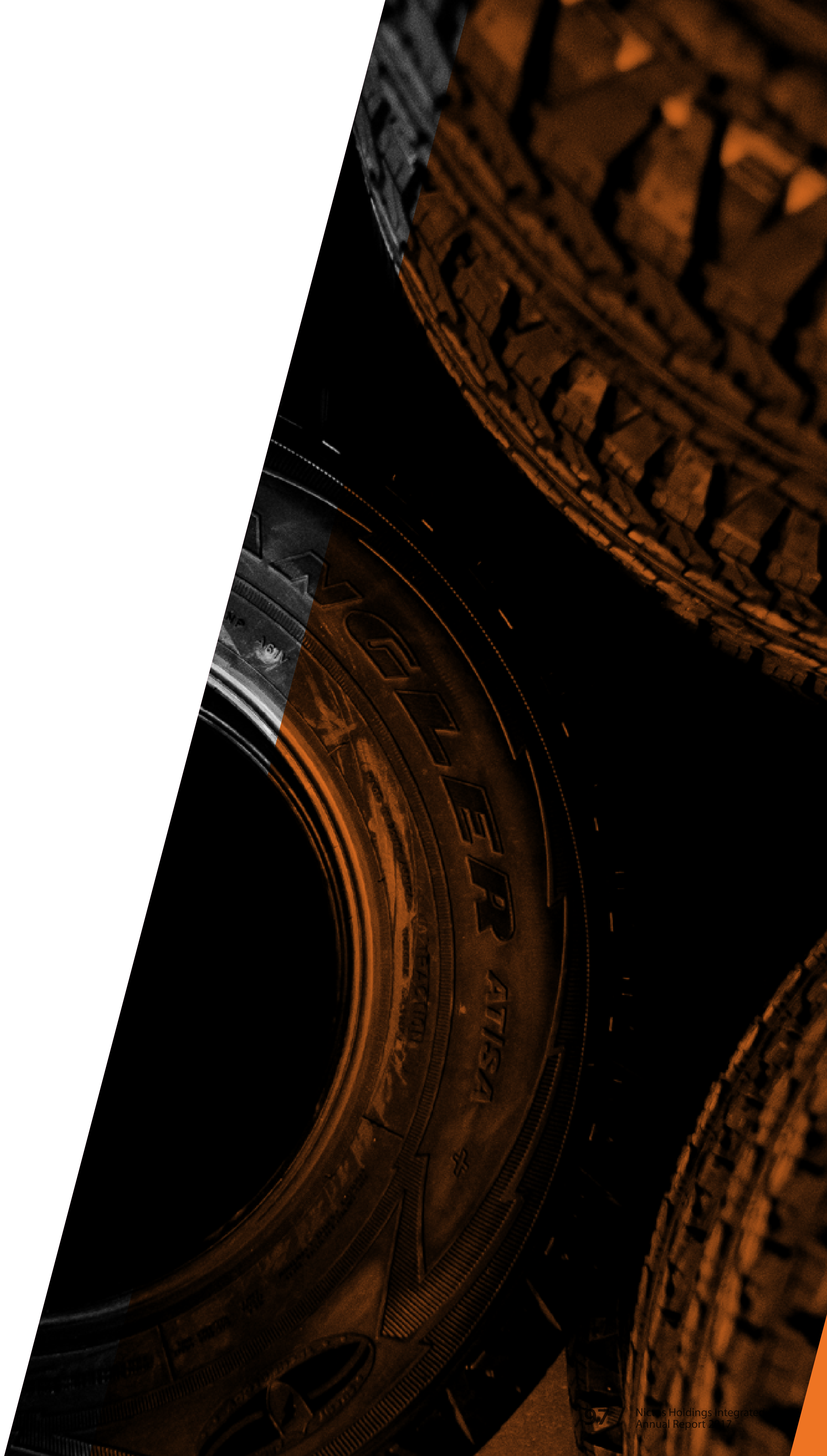
The Group discontinued its operations in Fossil Fuel Sales and Services (Pty) Ltd during 2016. Refer to 2016 integrated annual report for details of the disposal transaction.

41. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

42. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date other than the appointment of the Chairman, dividend declaration and General Motors South Africa announcement. General Motors South Africa (GM) announced its withdrawal from Southern Africa effective 31 December 2017. Isuzu Motors South Africa will be taking over the Isuzu franchise effective 1 January 2018 whilst Chevrolet vehicles will no longer be distributed and sold in Southern Africa. The sales of Isuzu vehicles in Namibia will probably not be influenced by this new arrangements but no formal agreements are in place yet. This may have a material effect on the business of the motor division of the Group.



Remuneration Policy

OBJECTIVE

The Group remuneration policy aims to attract and retain those people that will support and contribute to achieving the Group's results and performance. The policy, philosophy and strategy is encapsulated in the following:

Remuneration should:

- contribute towards attracting and retaining motivated and loyal staff;
- reflect a direct correlation with the ideal future and results of the Group;
- be reviewed and benchmarked annually;
- support the strategy of the Group; and
- reward performance and motivate staff.

Remuneration structure

The Group remuneration strategy makes provision for:

- a total cost-to-company approach consisting of a cash component and benefits;
- a linkage to challenging long- and short-term financial and non-financial performance and sustainable profits;
- short-term incentives based on meeting the current year performance levels; and
- long-term incentives based on meeting rolling three year performance levels.

COMPOSITION OF THE TOTAL REMUNERATION PACKAGE

The factors considered in structuring the total remuneration package are:

- Packages are reviewed annually, internally and externally, to ensure their integrity.
- Recognised market percentiles are applied in the structure and evaluation.
- Organisational profiles are determined for use in the evaluation process.
- Performance evaluation and development requirements are considered during the process.
- The scarcity of appropriately qualified staff influences package structure.
- The total remuneration package consists of a cash component and benefits.

REMUNERATION INCENTIVES

Short-term incentives

The incentive scheme is aimed at achieving Group performance as set out in the rules. To qualify staff must:

- meet predetermined annual targets;
- perform exceptionally;
- Staff who have transgressed the Group ethical code are ineligible to share in the incentive scheme and extraneous factors do not influence the incentive evaluation.

Long-term incentive

The incentive scheme is aimed at retaining employees and meeting Group performance as set out in the rules over a rolling three year period.

- Senior management and executive directors are eligible to participate.
- The relevant Boards of Directors determine the structure and percentile quantum of the incentive. The allocation is determined by the Executive Committee and reported to the Board.

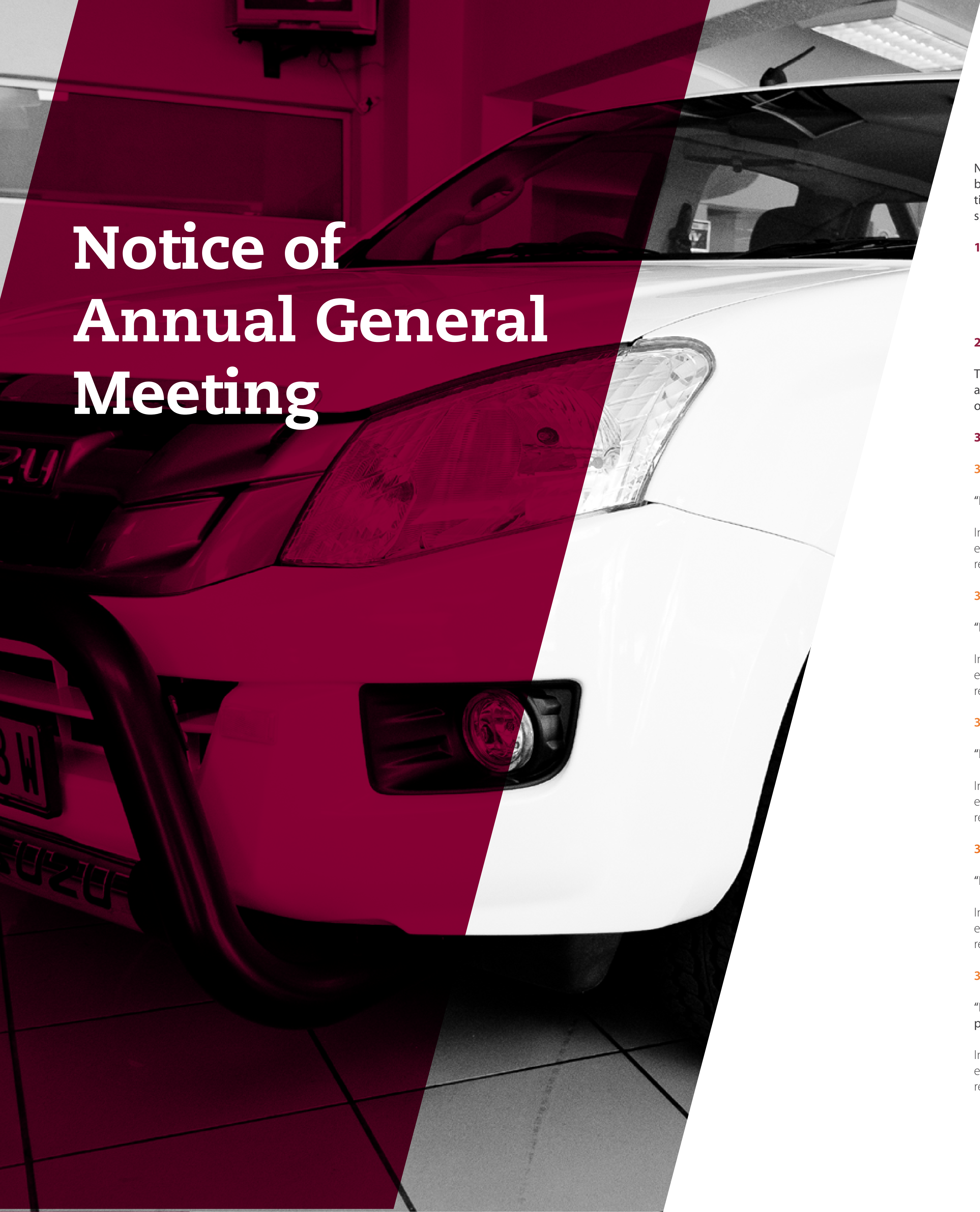
GOVERNANCE

The Board stands at the forefront of developing remuneration policies, reviewing the philosophy strategy and practice so as to meet best practice and achieve the Group's overall objectives.

VARIATION

The policy may be varied by the Board at any time within the structure of the delegated authority of the Board.

Notice of Annual General Meeting



Nictus Holdings Limited
("Nictus" or "the Company") • (incorporated in the Republic of Namibia)
Registration Number: NAM 1962/1735
NSX Share Code: NHL
ISIN Number: NA000A1J2SS6

Notice is hereby given that the annual general meeting of the shareholders of Nictus will be held in the ground floor boardroom, Nictus Building, 140 Mandume Ndemufayo Avenue, Windhoek, on **31 August 2017 at 16:00** (Namibian time), to deal with the business as set out below and to consider and, if deemed appropriate, pass the ordinary and special resolutions set out in this notice.

1. GENERAL PURPOSE OF THE ANNUAL GENERAL MEETING

The general purpose of the annual general meeting is to -
1.1 consider and, if deemed fit, pass with or without modification the resolutions set out hereunder; and
1.2 deal with any business that may lawfully be dealt with at the annual general meeting.

2. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The audited annual financial statements of the Company and its subsidiaries, incorporating the reports of the auditors and the directors for the year ended 31 March 2017 will be presented to shareholders as required in terms of section 294 of the Companies Act.

3. RESOLUTIONS FOR CONSIDERATION AND APPROVAL

3.1 Ordinary resolution 1: approval of minutes of previous annual general meeting

"Resolved to approve the minutes of the previous annual general meeting."

In order for this ordinary resolution to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by shareholders present in person, or represented by proxy, at the annual general meeting is required.

3.2 Ordinary resolution 2: re-election of JJ Retief as director

"Resolved that JJ Retief be and is hereby re-elected as a director of the Company."

In order for this ordinary resolution to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by shareholders present in person, or represented by proxy, at the annual general meeting is required.

3.3 Ordinary resolution 3: re-election of NC Tromp as a director

"Resolved that NC Tromp be and is hereby re-elected as a director of the Company."

In order for this ordinary resolution to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by shareholders present in person, or represented by proxy, at the annual general meeting is required.

3.4 Ordinary resolution 4: re-election of WO Fourie as a director

"Resolved that WO Fourie be and is hereby re-elected as a director of the Company."

In order for this ordinary resolution to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by shareholders present in person, or represented by proxy, at the annual general meeting is required.

3.5 Ordinary resolution 5: approval of remuneration policy

"Resolved to approve, by way of a non-binding, advisory vote, the remuneration policy of the Company as set out on page 99 of the annual report of which this notice forms part."

In order for this ordinary resolution to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by shareholders present in person, or represented by proxy, at the annual general meeting is required.

3.6 Ordinary resolution 6: approval of independent non-executive directors' remuneration

"Resolved that the Company be and is hereby authorised to pay remuneration to its independent non-executive directors for their services as directors, and that the remuneration structure and amounts as set out below, be and are hereby approved until such time as rescinded or amended by the ordinary shareholders by way of an ordinary resolution."

Non-executive Director	Annual Fee NAD	Board NAD	Audit Committee NAD
Gerard Swart	500 000	500 000	-
John D Mandy	400 000	228 000	172 000

In order for this ordinary resolution to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by shareholders present in person, or represented by proxy, at the annual general meeting is required.

3.7 Ordinary resolution 7: re-appointment of SGA as auditors

"Resolved that, on recommendation of the audit committee of the Company, SGA Chartered Accountants and Auditors be and is hereby re-appointed as auditors of the Company (the designated auditor meeting the requirements of section 278 of the Companies Act), to hold office until the conclusion of the next annual general meeting of the Company." "The Directors are hereby authorised to determine the remuneration of the auditors.

In order for this ordinary resolution to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by shareholders present in person, or represented by proxy, at the annual general meeting is required.

3.8 Ordinary resolution 8: authority to issue ordinary shares

"Resolved that the board of directors be and are hereby authorised by way of a general authority to issue at their discretion up to 15% (fifteen per cent) of the authorised but unissued ordinary shares in the Company from time to time, whether created before or after the passing of this resolution and/or to grant options to subscribe for such 15% (fifteen per cent) of the authorised but unissued shares from time to time, for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) has/have been approved by the NSX and are subject to the NSX Listings Requirements, the Companies Act and the following conditions, namely that -

3.8.1 this authority shall only be valid until the next annual general meeting of the Company but shall not extend beyond 15 (fif teen) months from the date of this meeting;
3.8.2 the issue of the shares must be made to persons qualifying as public shareholders as defined in the Listings Requirements of the NSX;
3.8.3 the shares which are the subject of the issue -
> **3.8.3.1** must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
> **3.8.3.2** shall not exceed 5% (five per cent) of the number of shares of the Company's issued ordinary shares in aggregate in any one financial year (including the number of any shares that may be issued in future arising out of the issue of options); and
> **3.8.3.3** that a paid press announcement giving full details, including the impact of the issue on net asset value, net tangible asset value, earnings and headline earnings per share and if applicable, diluted earnings and diluted headline earnings per share, be published after any issue representing, on a cumulative basis within one financial year, 5% (five per cent) of the number of shares in issue prior to the issue concerned;

3.8.4 in determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted shall be 10% (ten per cent) of the weighted average traded price of the ordinary shares on the NSX, measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares; and
3.8.5 separately, such shares as have been reserved to be issued by the Company in terms of its share and other employee incentive schemes."

In order for this ordinary resolution to be passed, the support of more than 75% (seventy five per cent) of the voting rights exercised on the resolution by all equity shareholders (as defined in the NSX Listings Requirements) present in person, or represented by proxy, at the annual general meeting is required.

Election of an Audit Committee

3.9 Ordinary resolution 9: election of JD Mandy as a member of the Audit Committee

"Resolved that JD Mandy, an independent non-executive director of the Company, be and is hereby elected as a member of the Audit Committee of the Company, to hold office until the conclusion of the next annual general meeting of the Company."

In order for this ordinary resolution to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by all equity shareholders (as defined in the NSX Listings Requirements) present in person, or represented by proxy, at the annual general meeting is required.

3.10 Ordinary resolution 10: election of FR van Staden as a member of the Audit Committee

"Resolved that FR van Staden, an executive director of the Company, be and is hereby elected as a member of the Audit Committee of the Company, to hold office until the conclusion of the next annual general meeting of the Company."

In order for this ordinary resolution to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by all equity shareholders (as defined in the NSX Listings Requirements) present in person, or represented by proxy, at the annual general meeting is required.

3.11 Ordinary resolution 11: election of GR de V Tromp as a member of the Audit Committee

"Resolved that GR de V Tromp, a non-executive director of the Company, be and is hereby elected as a member of the Audit Committee of the Company, to hold office until the conclusion of the next annual general meeting of the Company."

In order for this ordinary resolution to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by all equity shareholders (as defined in the NSX Listings Requirements) present in person, or represented by proxy, at the annual general meeting is required.

3.12 Ordinary resolution 12: appointment of JD Mandy as Chairman of the Audit Committee

"Resolved that JD Mandy, a director of the Company, be and is hereby elected as chairman of the Audit Committee of the Company, to hold office until the conclusion of the next annual general meeting of the Company."

In order for this ordinary resolution to be passed, the support of more than 50% (seventy five per cent) of the voting rights exercised on the resolution by all equity shareholders (as defined in the NSX Listings Requirements) present in person, or represented by proxy, at the annual general meeting is required.

3.13 Ordinary resolution 13: signing authority

"Resolved that each director, or the secretary of the Company, be and is hereby authorised to do all such things and sign all such documents as may be necessary for, or incidental to the implementation of the resolutions passed at the annual general meeting of the Company and set out in this notice."

In order for this ordinary resolution to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by shareholders present in person, or represented by proxy, at the annual general meeting is required.

3.14 Special resolution 1: general authority to repurchase shares

"Resolved that the Company, in terms of its memorandum and articles of association, or one of its wholly-owned subsidiaries, in terms of such wholly-owned subsidiary's memorandum and articles of association as the case may be, and subject to the relevant subsidiary passing the necessary special resolution, be and is hereby authorised by way of a general approval, to acquire the Company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, subject to the NSX Listings Requirements and the Companies Act"

Section 89 of the Companies Act authorises the board of directors of a Company to approve the acquisition of its own shares subject to the provisions of section 89 having been met. The Companies Act requires the approval of a 75% (seventy five per cent) majority of the votes cast by shareholders present or represented by proxy at the annual general meeting for special resolution to become effective.

3.15 Special resolution 2: financial assistance to entities related or inter-related to the Company

"Resolved that, as a general approval, the Company may, in terms of section 44 of the Companies Act, provide any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 44(1) of the Companies Act) to any related or inter-related Company or to any juristic person who is a member of or related to any such Company/ies."

The effect of special resolution, if adopted, is to confer the authority on the board of directors of the Company to authorise financial assistance to companies related or inter-related to the Company or to any juristic person who is a member of or related to any such companies generally as the board of directors may deem fit, on the terms and conditions, and for the amounts that the board of directors may determine from time to time, for a period of two years from the date of the adoption of the special resolution and in particular as specified in the special resolution.

In order for special resolution to be passed the support of at least 75% (seventy-five per cent) of the voting rights exercised on the resolution by the shareholders present in person, or represented by proxy, at the annual general meeting is required.

4. ADDITIONAL INFORMATION

The following additional information, which may appear elsewhere in the annual report, is provided in terms of the NSX Listings Requirements for purposes of the general authority to repurchase the Company's shares set out in special resolution number 1 above -

5.1 directors and management – pages 41 to 43;
5.2 major shareholders – page 42;
5.3 directors' interests in ordinary shares – page 42; and
5.4 share capital of the Company – page 77.

5. LITIGATION STATEMENT

The directors in office whose names appear on page 41 of the annual report, are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have, or have had, in the recent past, being at least the previous 12 (twelve) months from the date of this annual report, a material effect on the group's financial position.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The directors in office, whose names appear on page 41of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolutions contain all information required by the NSX Listings Requirements.

7. MATERIAL CHANGES

General Motors South Africa (GM) has subsequent to year end decided to withdraw from Southern Africa by 31 December 2017, which mainly affects the Chevrolet brand, after a presence of 90 years. GM also sold the Opel brand to the PSA group internationally. Isuzu Trucks has been operating the truck franchise separately for the past ten years will take over the factory, parts distribution and vehicle distribution facilities with effect from 1 January 2018 and will change their name to Isuzu Motors South Africa(IMSA). Although they announced that the current dealership footprint will be reduced with 30%, it will not affect Namibia as we were offered to continue with our current dealership structure. We were anticipating this move and is very excited, as we can have a more focussed approach retailing, servicing and distributing the Isuzu brand. Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of signature of the annual report.

8. DIRECTORS' INTENTION REGARDING THE GENERAL AUTHORITY TO REPURCHASE THE COMPANY'S SHARES

The directors have no specific intention, at present, for the Company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the Company and its shareholders.

9. ATTENDANCE AND PROXIES

9.1 Please note that, in terms of section 197 of the Companies Act -
9.1.1 a shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, participate in and vote at the annual general meeting in place of that shareholder; and
9.1.2 a proxy need not also be a shareholder of the Company.
9.2 Forms of proxy (which form may be found enclosed or on the Company's website) must be dated and signed by the share holder appointing a proxy and must be received at the registered offices of the Company, c/o Veritas Board of Executors (Proprietary) Limited, 1st floor, Nictus Building, 140 Mandume Ndemufayo avenue, Windhoek (Private Bag 13231, Windhoek) or the transfer Secretaries, c/o Veritas Board of Executors (Proprietary) Limited, 1st floor, Nictus Building, Mandume Ndemufayo avenue, Windhoek (PO Box 755, Windhoek). Forms of proxy must be received not later than 12:00 on 28 August 2017. Before a proxy exercises any rights of a shareholder at the annual general meeting, such form of proxy must be so delivered.
9.3 Attention is drawn to the "Notes" to the form of proxy.
9.4 The completion of a form of proxy does not preclude any shareholder attending the special general meeting.

10. VOTING

10.1 On a show of hands every shareholder present in person or by proxy, and if a member is a body corporate, its representatives, shall have one vote and on a poll every shareholder present in person or by proxy and, if the person is a body corporate, its repre sentative, shall have one vote for every share held or represented by him/her.
10.2 For the purpose of resolutions proposed in terms of the NSX Listings Requirements in respect of which any votes are to be excluded, any proxy given by a holder of securities to the holder of such an excluded vote shall also be excluded from voting for the purposes of that resolution.
10.3 Shareholders are encouraged to attend at the annual general meeting.

By order of the Board

Veritas Board of Executors
Secretary
Windhoek

Re-election of Directors and Audit Committee members- Brief CV’s

NC TROMP (67)

- B.Com
- Non-Executive Director
- Chairman: Investment Committee
- Member: Executive Committee

After completing his accounting articles in 1972, NC Tromp joined the Group and became the Group Managing Director in 1979. He further served as Group Chairman from 1998 to 2003. He is currently the Chairman of the Group Investment Committee and responsible for providing guidance on the strategic direction of the Group, serving on all Segment Boards of Directors.

FR VAN STADEN (53)

- CA (SA) and a CA (NAM)
- Executive Director
- Chairman: Risk Committee
- Member: Audit Committee

FR van Staden is a CA (SA) and CA (NAM) and was appointed as Director: Finance and Administration of the Nictus Limited Group during 1997. He served on the Nictus Limited board until 30 August 2013. Since 1 April 2010 he has served as Managing Director of the Vehicle segment of Nictus Holdings Group until 2016. He is currently serving as the Chairman of the Risk Committee of the Nictus Holdings Group and Director of the Property Segment. He has served the Nictus Group for the past 23 years.

WO FOURIE (41)

- CA (SA) and a CA (NAM)
- Executive Director
- Managing Director: Corporate Guarantee and Insurance Company
- Member: IT Committee
Investment Committee
Executive Committee
Risk Committee

WO Fourie is a CA (SA) and a CA (NAM) and completed his accounting articles in 2002. After completion of his articles he joined a large diamond mining company during 2003. In 2007 he joined the Nictus Limited Group as the Group Financial Manager and was appointed as the Group Financial Director during 2010. He currently serves as a member on the IT Committee, Investment Committee, Risk Committee and Executive Committee of the Nictus Holdings Group. He has served the Nictus Group for the past 10 years.

GR de V Tromp (36)

- CA (SA) and a CA (NAM)
- Non-executive Director
- Member: Audit Committee

Gerard R de V Tromp has a BCom marketing degree and is a chartered accountant (South Africa and Namibia) and completed his articles in 2008. After completion of his articles, he joined the Group in 2009 as Company Secretary, which role he fulfilled until 2012. During 2012, he was appointed as Managing Director of the furniture segment in South Africa. During 2014, he was appointed as deputy managing director of the Nictus Limited Group. On 18 April 2016, he was appointed as managing director of Nictus Limited Group.

JD Mandy (71)

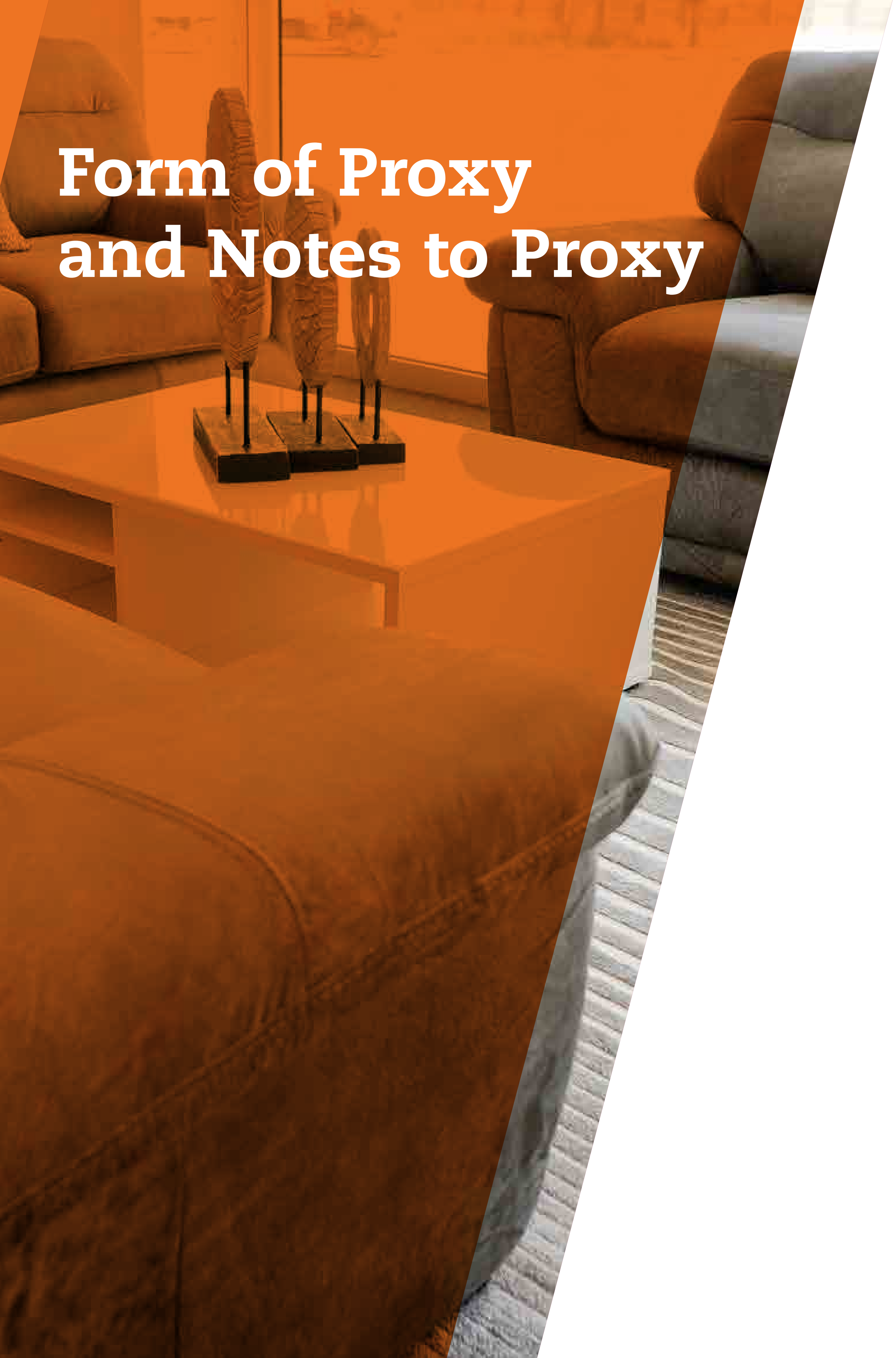
- CA (NAM), FCIS
- Independent non-executive Director
- Chairman: Audit Committee

John D Mandy is a qualified chartered accountant (Namibia) and a fellow of the Chartered Secretaries of Southern Africa. He has a number of years of experience in senior executive roles at Pupkewitz Group Holdings, Namibian Harvest Investments Limited, Stocks and Stocks Properties and Arthur Andersen & Co. In addition, he occupied the position of chief executive officer of the Namibian Stock Exchange for a period of 10 years until the end of 2012. He has been elected as an independent non-executive director and member and chairman of the Audit and Risk Committee of Nictus Limited from 2013 to 2017.

JJ Retief (52)

- B.Compt
- Executive Director
- Member: Risk Committee

Hannes J Retief has a B.Compt degree and was appointed to the Board of Directors during 2006. He is also the Managing Director of Nictus Furnishers and a Director of the Property Segment. He has served the Nictus Group for the past 21 years.



Form of Proxy and Notes to Proxy

Nictus Holdings Limited
("Nictus" or "the Company") • (incorporated in the Republic of Namibia)
Registration Number: NAM 1962/1735
NSX Share Code: NHL
ISIN Number: NA000A1J2SS6

To be completed by certificated shareholders with "own name" registration only
For completion by registered members of Nictus unable to attend the annual general meeting of the Company to be held in the ground floor boardroom, Nictus Building, 140 Mandume Ndemufayo avenue, Windhoek, on 31 August 2017 at 16:00 (Namibian time), or at any adjournment thereof.

I/We____

of ____**(address)**

being the holder/s of __________________________**shares in the Company, do hereby appoint:**

1 ____**or, failing him/her**

2 ____**or, failing him/her**

the chairman of the annual general meeting,

as my/our proxy to attend, speak and, on a poll, vote on my/our behalf at the abovementioned annual general meeting of members or at any adjournment thereof, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

	For	Against	Abstain	Precluded from voting in terms of the Companies Act or the NSX Listings Requirements
1. Ordinary resolution: approval of minutes of previous annual general meeting				
2. Ordinary resolution: re-election of JJ Retief as a director				
3. Ordinary resolution: re-election of NC Tromp as a director				
4. Ordinary resolution: re-election of WO Fourie as a director				
5. Ordinary resolution: approval of remuneration policy				
6. Ordinary resolution: approval of independent non-executive directors' remuneration				
7. Ordinary resolution: re-appointment of SGA as auditors				
8. Ordinary resolution: authority to issue ordinary shares				
9. Ordinary resolution: re-election of JD Mandy as a member of the Audit Committee				
10. Ordinary resolution: election of FR van Staden as a member of the Audit Committee				
11. Ordinary resolution: election of GR de V Tromp as a member of the Audit Committee				
12. Ordinary resolution: appointment of JD Mandy as Chairman of the Audit Committee				
13. Ordinary resolution: signing authority				
14. Special resolution 1: general authority to repurchase shares				
15. Special resolution 2: financial assistance to entities related or inter-related to the Company				

Please indicate with an "X" in the appropriate spaces provided above how you wish your vote to be cast. However, if you wish not to cast your votes in respect of less than all of the ordinary shares that you own in the Company, insert the number of ordinary shares held in respect of which you desire to vote.

Signed at ________________________ on ________________

Signature: ________________

Assisted by me, where applicable (name and signature) ____________________

Notes to Proxy

1. Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the Company) to attend, speak and, on a poll or by show of hands, vote in place of that shareholder at the annual general meeting.

2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting 'the chairman of the annual general meeting'. The person whose name stands first on the form of proxy and who is present at the annual general meeting shall be entitled to act as proxy to the exclusion of the persons whose names follow.

3. A shareholder's instructions to the proxy have to be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply with the above shall be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and special resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting, as he/she deems fit, in respect of all the shareholder's votes exercisable thereat.

4. A shareholder or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such shareholder or represented by such proxy, but the total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the shareholder or his/her proxy is entitled.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity has to be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the chairman of the annual general meeting.

6. The chairman of the annual general meeting may reject or accept any form of proxy that is completed and/or received other than in accordance with these instructions and notes.

7. Any alterations or corrections to this form of proxy have to be initialled by the signatory(ies).

8. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

9. Forms of proxy have to be lodged with or posted to the registered office of the Company, c/o Veritas Board of Executors (Proprietary) Limited, 1st floor, Nictus Building, 140 Mandume Ndemufayo avenue, Windhoek (Private Bag 13231, Windhoek) or the transfer Secretaries, Veritas Board of Executors (Proprietary) Limited, 1st floor, Nictus Building, 140 Mandume Ndemufayo avenue, Windhoek (PO Box 755, Windhoek). Forms of proxy must be received no later than 12:00 on 28 August 2017.

NICTUS HOLDINGS LIMITED
COMPANY DETAILS

Company registration number
1962 / 1735

NSX Share code: NHL
ISIN number: NAOOOA1J2SS6

Executive Directors
PJ de W Tromp (Managing Director)
FR van Staden
JJ Retief
WO Fourie

Non-executive Directors
GR de V Tromp
Gerard Swart (Independent Chairman from 4 April 2017)
JD Mandy (Independent)
NC Tromp

Transfer Secretaries
Veritas Board of Executors (Proprietary) Limited
1st Floor, Nictus Building, 140 Mandume Ndemufayo Avenue, Windhoek
Private Bag 13231, Windhoek, Namibia

Registered Office
1st Floor, Nictus Building, 140 Mandume Ndemufayo Avenue, Windhoek
Private Bag 13231, Windhoek, Namibia

Sponsor on the NSX
Simonis Storm Securities (Pty) Ltd

Please visit our website
www.nictusholdings.com

Exceptional wealth creator