

31 MARCH 2020 NICTUS HOLDINGS LIMITED ABRIDGED REPORT

NICTUS HOLDINGS LIMITED

Incorporated in the Republic of Namibia
 Registration number NAM 1962/1735
 NSX Share code: NHL
 ISIN Code NA000A1J2SS6
 "Nictus" or "the Company"

ABRIDGED REPORT RELATING TO THE AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

Figures in N\$' 000	2020	2019
Revenue	631 060	677 603
Cost of sales	(428 121)	(483 117)
Gross profit	202 939	194 486
Other income	5 006	9 919
Other operating gains	1 132	2 254
Investment income from operations	30 833	33 316
Operating and admin expenses	(220 643)	(224 913)
Operating profit	19 267	15 062
Investment income	2 682	2 798
Finance costs	(8 904)	(15 046)
Profit before taxation	13 045	2 814
Taxation	(5 683)	4 342
Profit for the year	7 362	7 156
Total comprehensive income attributable to:		
Owners of the parent	7 362	7 156
<i>Earnings per share</i>		
Basic and diluted earnings per share (cents)	14,03	13,64
Basic and diluted earnings per share before treasury share adjustment (cents)	13,78	13,39
Weighted average number of shares in issue (000's)	52 461	52 461
Net asset value per share (cents)	313.52	312.56

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

Figures in N\$' 000	2020	2019
Assets		
Non-current assets	876 894	827 762
Property, plant and equipment	346 273	342 131
Right-of-use assets	6 234	-
Investment property	43 642	43 642
Intangible assets	3 408	2 207

Trade and other receivables	10 757	12 009
Investments at fair value	13 262	753
Loans and receivables	441 112	415 808
Deferred tax assets	12 206	11 212
Current assets	1 133 079	897 124
Total assets	2 009 973	1 724 886
Equity and liabilities		
Equity	167 559	167 052
Stated capital	129	129
Total non-distributable reserves	74 399	74 399
Retained income	93 031	92 524
Liabilities	1 842 414	1 557 834
Non-current liabilities	144 906	142 471
Interest-bearing loans and borrowings	113 369	115 031
Deferred tax liabilities	31 537	27 440
Current liabilities*	1 697 508	1 415 363
Insurance contract liability	1 402 213	1 304 200
Other current liabilities	295 295	111 163
Total equity and liabilities	2 009 973	1 724 886

* Included in current liabilities is the insurance contract liability. Premiums received under this liability are invested in terms of the insurance act enacted in Namibia with the result that certain investments are of a long term nature.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 31 MARCH 2020

Figures in N\$' 000	2020	2019
Cash flow from operating activities		
Cash generated from operations	116 508	82 410
Interest income	2 682	2 798
Finance costs	(8 903)	(15 046)
Tax paid	(2 248)	-
Net cash from operating activities	108 039	70 162
Cash flows from investing activities		
Purchase of property, plant and equipment	(9 682)	(6 622)
Sale of property, plant and equipment	1 175	1 345
Purchase of investment property	-	(292)
Purchase of intangible assets	(2 557)	(896)
Sale of investments at fair value	6 133	7 466
Increase of loans and receivables	(6 983)	(28 249)
Net cash from investing activities	(11 914)	(27 248)
Cash flows from financing activities		
(Repayment of) loans from related parties	(33 910)	(6 141)
(Repayment of) / proceeds from borrowings	(8 583)	1 875
Dividends paid	(6 413)	(6 413)
Net cash from financing activities	(48 906)	(10 679)

Net movement in cash and cash equivalents	47 219	32 235
Cash and cash equivalents at the beginning of the year	426 450	394 215
Cash and cash equivalents at the end of the year	473 669	426 450

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

Figures in N\$' 000	Stated capital	Revaluation reserve	Insurance contingency reserve	Retained earnings	Total Equity
Audited balance at 31 March 2018	129	58 848	15 551	91 516	166 044
<i>Total comprehensive income</i>	-	-	-	7 156	7 156
Net Dividends paid	-	-	-	(6 148)	(6 148)
Balance as previously reported	129	58 848	15 551	92 524	167 052
Change in accounting policy	-	-	-	(707)	(707)
Balance at 31 March 2019 as restated	129	58 848	15 551	91 817	166 345
<i>Total comprehensive income</i>	-	-	-	7 362	7 362
Net dividends paid	-	-	-	(6 148)	(6 148)
Audited balance at 31 March 2020	129	58 848	15 551	93 031	167 559

Accounting policies have been applied consistently with those of the prior year, except for the changes set out in the notes below. The annual financial statements for the year ended 31 March 2020 have been audited by SGA Chartered Accountants and Auditors, and their unqualified audit opinion is available for inspection at the registered office of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards, in the manner as required by the Companies Act of Namibia and the Listing Requirements of the Namibian Stock Exchange. The condensed consolidated financial statements should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2020, which have been prepared in accordance with IFRS.

1(a) New and amended standards adopted by the Group

-A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 Leases. The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note three below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

The abridged summarised annual financial statements are presented in thousands of Namibia Dollars (N\$' 000) on the historical cost basis, except for financial instruments that are measured at fair value and land and buildings held for administrative purposes which are measured at revalued amounts.

The Group's functional and presentation currency is the Namibia Dollar. The Company's primary listing is on the Namibian Stock Exchange (NSX).

2. RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS

Figures in N\$' 000	2020	2019
Weighted average number of shares in issue for basic, diluted and headline earnings per share ('000)	52 461	52 461
Profit for the year, net of taxation	7 362	7 156
Loss / (profit) on disposal of plant and equipment	46	(306)
Headline earnings	7 408	6 850
Headline and diluted headline earnings per share (cents)	14,12	13,06
Headline and diluted headline earnings per share before treasury share adjustment (cents)	13,86	12,82

3. CHANGE IN ACCOUNTING POLICY

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements. It discloses the new accounting policies that have been applied from 1 April 2019 in the note below.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognized in retained earnings as at 1 April 2019.

3(a) Adjustments recognized on the adoption of IFRS 16

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases that had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 10,25%.

Reconciliation of previous operating lease commitments to lease liabilities under IFRS 16

	Figures in N\$' 000
Operating lease commitment at 31 March 2019 as previously disclosed	13 975
Discounted using the incremental borrowing rate as 1 April 2019	12 516
Modification & terminations	(909)
Less recognition exemption for: Short term leases	(5 717)
Lease Liabilities recognized as 1 April 2019	5 890

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of the initial application. The recognized right-of-use asset only relates to properties (meeting the definition of property, plant and equipment).

The aggregate effect if the changes in accounting policy in the annual financial statements for the year ended 31 March 2020 is as follows:

	Figure in N\$' 000
Deferred tax	358
Right-of-use assets (net book value)	6 234
Lease liabilities	(7 547)
Opening retained earnings	707
Profit or loss effect	(248)

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of the lease with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

3(b) The Group's leasing activities and how these are accounted for
 The Group leases several buildings for use in its business operations. Rental contracts are typically made for fixed periods of 2 to 7 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases of property, plant and equipment were classified as operating leases until 31 March 2019. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liabilities are measured as the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

Right-of-use assets are measured as the amount of the initial measurement of lease liability (adjusted by the amount of any previously recognized prepaid or accrued lease payments relating to that lease).

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

4. CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

The basis of segmentation and measurement is consistent with the prior year.

Figures in N\$' 000	2020	2019
Segment revenue		
Retail	528 301	591 809
Property companies	24 207	24 637
Insurance and finance	127 604	101 440
Sub-total	680 112	717 886
Head office and eliminations	(49 052)	(40 283)
Total revenue for the year	631 060	677 603

Analysis of revenue by product / service

Revenue from contracts with customers		
Sale of goods and rendering of services	520 183	580 154
Insurance premium income	29 651	32 422

Revenue other than from contracts with customers		
Rental income	2 264	2 098
Finance income	57 747	62 929
Re-insurance income	21 215	-
Total revenue	631 060	677 603
Net profit / (loss) after taxation		
Retail	(12 731)	(9 629)
Property companies	(1 289)	(3 853)
Insurance and finance	31 327	23 731
Sub-total	17 307	10 249
Head office and eliminations	(9 945)	(3 093)
Total profit for the year	7 362	7 156
Segment assets		
Retail	247 944	231 199
Property companies	390 489	388 987
Insurance and finance	1 720 668	1 420 312
Sub-total	2 359 101	2 040 498
Head office and eliminations	(349 128)	(315 612)
Total as per statement of financial position	2 009 973	1 724 886
Segment liabilities		
Retail	208 702	178 518
Property companies	291 480	288 708
Insurance and finance	1 661 733	1 365 599
Sub-total	2 161 915	1 832 195
Head office and eliminations	(319 501)	(274 361)
Total as per statement of financial position	1 842 414	1 557 834

5. DIRECTORS' RESPONSIBILITY

The directors take full responsibility for the preparation of the summarised annual financial statements, and that the financial information has been correctly extracted from the underlying audited annual financial statements for the year ended 31 March 2020.

6. FAIR VALUE HIERARCHY

For financial instruments 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 that 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 that are not based on observable market data.

Figures in N\$' 000	2020	2019
Level 1		
Listed equity investments	2 692	21 066
Debt investments	12 994	753
	15 686	21 819

Level 2		
Land	94 075	94 075
Buildings	233 083	229 648
Investment property	43 642	43 642
Loans and receivables	552 441	545 458
Re-insurance asset	188 724	-
	1 111 965	912 823

Financial assets by category

Figures in N\$' 000	Amortised cost	Fair value through profit or loss	Total
31 March 2020			
Investments at fair value	-	21 819	21 819
Cash and cash equivalents	473 669	-	473 669
Loans receivable	552 441	-	552 441
Trade and other receivables	198 829	-	198 829
Re-insurance assets	-	188 724	188 724
	1 224 939	204 410	1 429 349
31 March 2019			
Investments at fair value	-	21 819	21 819
Cash and cash equivalents	426 450	-	426 450
Loans receivable	545 458	-	545 458
Trade and other receivables	216 957	-	216 957
	1 188 865	21 819	1 210 684

Financial liabilities by category

Figures in N\$' 000	Amortised cost	Total
31 March 2020		
Trade and other payables	255 805	255 805
Borrowings	151 251	151 251
Insurance contract liabilities	1 402 213	1 402 213
	1 809 269	1 809 269
31 March 2019		
Trade and other payables	40 212	40 212
Borrowings	150 524	150 524
Insurance contract liabilities	1 304 200	1 304 200
Loans from related parties	33 910	33 910
	1 528 846	1 528 846

7. DIRECTORS' COMMENTARY

Retail segment: Pursuing our growth strategy, especially in the furniture sector, was challenging under the circumstances. This was where we experienced the biggest contraction on turnover, however we managed to maintain our market share. The Tyres and Motor divisions were also under

pressure but managed to increase their market share and improved on the results of the previous year.

Property Companies: Properties performed better compared with the previous year, mainly due to lower interest rates and effective cost management.

Insurance and finance: Insurance and finance also showed better results than the previous year and managed to grow in turnover and profitability. This was due to concerted claims and cancellation management, as well as focusing on investment income to increase investment margins.

Outlook:

For the first time in recent history, the world economy declined in an unprecedented manner. However, we are starting to see positive signs of a slow recovery, with stock markets being the most rapid, but it is doubtful that this will be sustainable. Most probably, full recovery will take many years. The Nictus Group put various initiatives in place to counter the negative effects of the current unparalleled economic decline. A lot of hard work has already been done to place the Nictus Group on a path of sustainable growth and profitability for the future.

8. EVENTS AFTER THE REPORTING PERIOD

In December 2019, COVID-19 emerged and had subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories, and quarantining of people who may have been exposed to the virus. After close monitoring and responses and guidance from state and local governments, in an effort to mitigate the spread of COVID-19, effective March 2020, the Group had temporarily closed its business premises, with associates working remotely where possible. The Group reopened its business premises on 5 May 2020 and complied with the required regulations. The Group continues to monitor developments, including government requirements and recommendations at the national, state, and local level to evaluate possible extensions to all or part of such closures.

In addition, we have taken several steps to further strengthen our statement of financial position, and maintain financial liquidity and flexibility, including reviewing operating expenses, evaluating merchandise purchases and reducing capital expenditures.

At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material impact on our business, results of operations, financial position and cash flows. Despite the uncertainty caused by the pandemic, the Board believe that preventative steps taken by management to mitigate the uncertainty will result in minimising potential severity that the pandemic may have on the Group.

9. DIVIDENDS

The final dividend of 12 cents per share (N\$ 6,4 million) was approved by the Board on 14 July 2020 in respect of the year ended 31 March 2020. The dividend will be declared out of retained earnings. The dividend has not been provided for, and there are no accounting implications for the current financial year.

Last date to trade ordinary shares "cum" dividend	14 August 2020
Ordinary shares trade "ex" dividend	17 August 2020
Record date	21 August 2020
Payment/ issue date	24 August 2020

Share certificates may not be dematerialised between Monday 17 August and Friday 21 August 2020, both days inclusive.

The non-residents' shareholders tax varies according to applicable legislation.

REGISTERED OFFICE

1st Floor, Nictus Buildings
140 Mandume Ndemufayo Avenue, Windhoek
P.O. Box 755, Windhoek, Namibia

TRANSFER AND COMPANY SECRETARY

Veritas Board of Executors (Proprietary) Limited
1st Floor, Nictus Building
140 Mandume Ndemufayo Avenue, Windhoek
P.O. Box 755, Windhoek, Namibia

DIRECTORS

PJ de W Tromp (Managing Director) #, FR van Staden #, WO Fourie #, Gerard Swart (Chairman) *^, TB Horn *^, NC Tromp *, GR de V Tromp *
(# - Executive, * - Non-executive, ^ - Independent)

On behalf of the Board:

PJ de W Tromp
TB Horn
Windhoek, 30 July 2020

SPONSOR

Simonis Storm Securities (Pty) Ltd

Member of the Namibian Stock Exchange
4 Koch Street, Klein Windhoek
PO Box 3970, Windhoek

