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# 2016 Condensed Unaudited Interim Report

for the six months ended 30 September 2016

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- ▶ Group revenue increased by 5% to **N\$468 million.**
- ▶ Gross profit increased by 13% to **N\$107 million.**
- ▶ Profit after taxation increased by 30% to **N\$11,6 million.**
- ▶ The Group's asset base increased to **N\$1,638 billion.**
- ▶ The Group's basic earnings per share increased by 30% to **21,74 cents.**



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS & COMPREHENSIVE INCOME

Figures in N\$'000	Note	Unaudited		Change %	Audited
		30 Sept 16	30 Sept 15 Reclassified #		31 Mar 16
<b>Revenue</b>		468,299	444,483	5	930,615
Cost of sales		(356,220)	(341,614)	4	(713,746)
Claims incurred		(5,162)	(8,082)	(36)	(12,109)
<b>Gross profit</b>		106,917	94,787	13	204,760
Other income		7,791	8,915	(13)	17,167
Investment income from operations	5	18,389	16,932	9	27,366
Operating and administrative expenses	5	(115,170)	(109,321)	5	(217,877)
<b>Operating profit</b>		17,927	11,313	58	31,416
Investment income		1,886	1,824	3	4,359
Gain on non-current assets held for sale or disposal	5	-	1,493	-	3,314
<b>Operating profit before financing costs</b>		19,813	14,630	35	39,089
Financing costs		(5,581)	(3,661)	52	(8,638)
<b>Profit before taxation</b>		14,232	10,969	30	30,451
Taxation		(2,616)	(2,030)	29	(2,446)
<b>Profit for the period</b>		11,616	8,939	30	28,005
<b>Other Comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Gains on property revaluation		-	-		3,200
Income tax relating to items that will not be reclassified		-	-		192
<b>Total items that will not be reclassified to profit or loss</b>		-	-		3,392
<b>Other comprehensive income for the year net of taxation</b>		-	-		3,392
<b>Total comprehensive income for the period</b>		11,616	8,939	30	31,397
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		11,616	8,939	30	31,397
<b>Profit attributable to:</b>					
Owners of the Company		11,616	8,939	30	28,005
<b>Earnings per share</b>					
Basic earnings per share (cents)	8	21.74	16.73	30	52.40
Diluted earnings per share (cents)		21.74	16.73	30	52.40
Dividends per share (cents) * **		18.00	18.00	-	18.00
Number of shares in issue (000's)		53,444	53,444	-	53,444
* Dividends paid July 2016 of 18 cents per share					
** Dividends paid July 2015 of 18 cents per share					

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in N\$'000	Unaudited		Audited
	30 Sept 16	30 Sept 15 Reclassified #	31 Mar 16
<b>ASSETS</b>			
<b>Non-current assets</b>	739,993	596,514	545,606
Property, plant and equipment	362,102	270,061	312,717
Intangible assets	830	921	952
Investments	371,865	321,515	226,298
Deferred tax	5,196	4,017	5,639
<b>Current assets</b>	897,736	858,410	1,068,481
<b>Non-current assets held for sale and assets of disposal group</b>	-	4,527	2,990
<b>Total assets</b>	1,637,729	1,459,451	1,617,077
<b>EQUITY</b>	157,458	133,004	155,462
Stated capital	129	129	129
Revaluation reserve	58,767	55,375	58,767
Contingency reserve (insurance)	12,348	19,112	15,551
Retained earnings	86,214	58,388	81,015
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>	161,249	95,202	130,592
Interest bearing loans and borrowings	130,145	67,835	100,701
Deferred tax liabilities	31,104	27,367	29,891
<b>Current liabilities</b>	1,319,022	1,228,853	1,329,388
Insurance contract liability	1,160,421	1,058,125	1,152,608
Other current liabilities	158,601	170,728	176,780
<b>Liabilities of disposal groups</b>	-	2,392	1,635
<b>Total liabilities</b>	1,480,271	1,326,447	1,461,615
<b>Total equity and liabilities</b>	1,637,729	1,459,451	1,617,077

# Refer to Note 5

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Figures in N\$'000	Unaudited		Audited
	Six months ended 30 Sept 16	30 Sept 15 Reclassified #	Year ended 31 Mar 16
Cash flow from operating activities			
Cash generated from (used in) operations	81,369	(17,095)	(36,631)
Investment income	1,886	1,824	4,359
Finance cost	(5,581)	(3,661)	(8,638)
Taxation paid	-	(1)	(3)
<b>Net cash generated from / (used in) operating activities</b>	<b>77,674</b>	<b>(18,933)</b>	<b>(40,913)</b>
<b>Net cash (used in) / generated from investing activities</b>	<b>(196,367)</b>	<b>(37,280)</b>	<b>16,945</b>
<b>Net cash generated from financing activities</b>	<b>9,967</b>	<b>39,645</b>	<b>92,044</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(108,726)</b>	<b>(16,568)</b>	<b>68,076</b>
<b>Cash and cash equivalents</b> at beginning of period	<b>465,999</b>	<b>397,923</b>	<b>397,923</b>
<b>Cash and cash equivalents</b> at end of period	<b>357,273</b>	<b>381,355</b>	<b>465,999</b>

# Refer to Note 5

## CONDENSED SEGMENT REPORT

Figures in N\$'000	Note	Unaudited		Change %	Audited
		Six months ended 30 Sept 16	30 Sept 15 Reclassified ##		Year ended 31 Mar 16 Reclassified ##
<b>Segment assets</b>					
Retail		367,125	336,326	9	293,764
Property		345,713	251,100	38	311,412
Insurance & Finance		1,257,154	1,189,977	6	1,267,221
		1,969,992	1,777,403	11	1,872,397
Head office and eliminations		(332,263)	(317,952)	5	(255,320)
	6	1,637,729	1,459,451	12	1,617,077
<b>Segment revenue</b>					
Retail		434,520	414,044	5	863,290
Property		8,578	6,499	32	10,754
Insurance & Finance		48,525	43,437	12	94,949
		491,623	463,980	6	968,993
Head office and eliminations		(23,324)	(19,497)	20	(38,378)
	6	468,299	444,483	5	930,615
<b>Operating profit after taxation</b>					
Retail		2,923	1,095	167	10,809
Property		2,907	1,283	127	5,797
Insurance & Finance		18,660	13,169	42	31,732
		24,490	15,547	58	48,338
Head office and eliminations		(12,874)	(6,608)	95	(20,333)
	6	11,616	8,939	30	28,005

## Refer to Note 6

## RECONCILIATION BETWEEN EARNINGS & HEADLINE EARNINGS

Figures in N\$'000	Note	Unaudited		Audited
		Six months ended 30 Sept 16	30 Sept 15	Year ended 31 Mar 16
Profit for the period, net of taxation		11,616	8,939	28,005
Profit on disposal of property, plant and equipment		(531)	(383)	(1,329)
Gain on disposal of subsidiary	5	(765)	-	-
<b>Headline earnings</b>	8	<b>10,320</b>	<b>8,556</b>	<b>26,676</b>
Headline earnings per share (cents)		19.31	16.01	49.90
Diluted Headline earnings per share (cents)		19.31	16.01	49.90



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital N\$'000	Revaluation reserve N\$'000	Contingency reserve N\$'000	Retained earnings N\$'000	Total equity N\$'000
<b>Balance at 1 April 2015</b>	129	55,375	19,442	58,739	133,685
<i>Total comprehensive income</i>	-	-	-	8,939	8,939
Profit for the period	-	-	-	8,939	8,939
<i>Transfers from contingency reserve (insurance) to retained earnings</i>	-	-	(330)	330	-
<i>Contributions by and to the owners of the Group</i>	-	-	-	(9,620)	(9,620)
Dividends to equity holders	-	-	-	(9,620)	(9,620)
<b>Balance at 30 September 2015</b>	129	55,375	19,112	58,388	133,004
<i>Total comprehensive income</i>	-	3,392	-	19,066	22,458
Profit for the period	-	3,392	-	19,066	22,458
<i>Transfers from contingency reserve (insurance) to retained earnings</i>	-	-	(3,561)	3,561	-
<b>Balance at 31 March 2016</b>	129	58,767	15,551	81,015	155,462
<i>Total comprehensive income</i>	-	-	-	11,616	11,616
Profit for the period	-	-	-	11,616	11,616
<i>Transfers from contingency reserve (insurance) to retained earnings</i>	-	-	(3,203)	3,203	-
<i>Contributions by and to the owners of the Group</i>	-	-	-	(9,620)	(9,620)
Dividends to equity holders	-	-	-	(9,620)	(9,620)
<b>Balance at 30 September 2016</b>	129	58,767	12,348	86,214	157,458

## NOTES TO THE FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards, (IAS) 34 Interim Financial Reporting, and the Companies Act of Namibia. These condensed Group financial statements do not include all the information necessary for full International Financial Reporting Standard disclosure. The accounting policies are consistent with those applied for the year ended 31 March 2016.

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

The condensed consolidated interim financial results are unaudited and have not been reviewed by the auditors.

### 2. FOREIGN CURRENCY

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

### 3. COMPARATIVE FIGURES

The comparative information for the six months ended 30 September 2015 has been reclassified to reflect the disposal of a subsidiary. The segment results for the year ended 31 March 2016 were also reclassified to reflect the change in the composition of the reportable segments. Refer to Note 5 and 6 respectively for more details.

## 4. RELATED PARTIES

During the period under review, certain companies within the Group entered into transactions with each other. These intra-Group transactions have been eliminated on consolidation. Related parties remains unchanged from that reported at 31 March 2016.

## 5. REVIEW OF OPERATIONS

### Overview of first six months

There was an increase in the profitability of the Group in comparison with the foregoing period.

### Disposal of subsidiary

The Group sold 100% of its investment in Fossil Fuel Sales and Services (Pty) Ltd on 1 April 2016. The comparative figures for the period ended 30 September 2015 were reclassified to reflect the gain on the disposal of the subsidiary.

Refer to the 2016 Integrated Annual Report for more details on the comparative figures for the year ended 31 March 2016.

#### Profit and loss

Revenue  
Expenses  
Net profit  
Tax

#### Assets and liabilities

##### Assets of disposal group

Inventories  
Trade and other receivables  
Other assets

##### Liabilities of disposal group

Other liabilities

#### Equity

Other

Unaudited

30 Sept 15

N\$'000

49,619  
(47,939)  
1,680  
(187)  
1,493

1,838  
1,971  
718  
4,527

2,392

186

## 6. SEGMENT RESULTS

### Restatement of previously reported information

Operating in an ever-changing environment compelled us to change the composition of our reportable segments with effect from 1 April 2016. Our property portfolio increased significantly over the past few years and it was decided to consolidate it into a Property segment. Retail segment now consists of Auas Motors, Trentyre and Nictus Furniture. Corporate Guarantee and Hakos Capital and Finance remained in the Insurance and Finance segment. To ensure consistency, all comparative figures in the segment report were reclassified to reflect the change in internal reporting and decision making. The restatement relates to a reclassification 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 condensed statement of financial position and the Group's condensed statement of comprehensive income.

The restructuring of the segments is part of the new strategic direction of the Nictus Holdings Group Board of directors.

**Retail operations** as a whole were under pressure for the first six months of the year with various factors impacting on our business. We leveraged that by increasing stock-holding before price increases and negotiating special deals with our suppliers. We are utilising the synergies between the motor and tyre operations and by the end of the year we will have upgraded and consolidated four of our business premises in the major rural areas. We believe that with the opening of the new Nictus Giga furniture outlet in Windhoek we will not only make a statement, but increase our market share and set the trend for furniture retail in Namibia.

**Property Companies:** Revenue and profit after tax increased significantly in comparison with the foregoing period. This was mainly due to upgrading of premises across Namibia.

**Insurance and finance:** Segment revenue, as well as operating profit increased significantly in comparison with the previous period. Our strategy for the Insurance segment is adding value to our customer service, taking into account the current economic circumstances. It remains important that investment strategies are maintained in order to ensure good returns. Capital markets however, remain volatile and investments are carefully considered on a continuous basis.

## 7. DETERMINATION AND DISCLOSURE OF FAIR VALUES

Fair values have been determined for measurement and/or disclosure purpose based on the following methods. The techniques and inputs used have not changed since the year end.

### **Investment properties and land and buildings**

Land and buildings are revalued annually. The Group's Board of directors revalued the land and buildings at 31 March 2016. 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.

### **Investment in equity and debt securities**

The fair values of the financial assets were determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price;
- The fair values of unlisted investments are based on directors' valuations at year end. These valuations are based on the net asset value of each investment. In addition, the performance of unlisted investments 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; and
- Debt securities are measured at fair value through profit or loss.

## Cash and cash equivalents (including bank overdraft)

Cash and cash equivalents for the Group is of a short-term nature and the fair values approximates the carrying amount.

## Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The carrying amount of short-term trade and other receivables is believed to approximate their fair values.

## Trade and other payables

All trade and other payables are of a short term nature and the fair value of trade and other payables is believed to approximate the carrying amount.

## Interest bearing borrowings and related party loans

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Interest rates used for determining the fair value is the prime interest rate.

## 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 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.

### 7.1 Fair value hierarchy of land and buildings

	Unaudited		Audited
	Six months ended 30 Sept 16 N\$'000	30 Sept 15 N\$'000	Year ended 31 Mar 16 N\$'000
Level 2			
Land	128,148	99,820	102,274
Buildings	217,931	156,932	195,839
	<b>346,079</b>	<b>256,752</b>	<b>298,113</b>

### 7.2 Fair value hierarchy of financial assets at fair value through profit and loss

There were no transfers between the levels for the reporting period.

**Level 1**

Listed shares	17,067	21,233	17,589
Debt securities	1,020	1,004	1,020
	<b>18,087</b>	<b>22,237</b>	<b>18,609</b>

**Level 2**

Loans and receivables	366,414	310,842	218,706
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**Level 3**

Unlisted shares	669	669	669
	<b>385,170</b>	<b>333,748</b>	<b>237,984</b>

## 7.3 Financial assets by category

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

	Loans and receivables	Fair value through profit or loss - held for trading	Total
<b>30 September 2016</b>			
Cash and cash equivalents	357,273	-	357,273
Investments	363,506	18,756	382,262
Trade and other receivables (excluding VAT)	311,717	-	311,717
	<b>1,032,496</b>	<b>18,756</b>	<b>1,051,252</b>
<b>30 September 2015</b>			
Cash and cash equivalents	391,130	-	391,130
Investments	308,448	22,906	331,354
Trade and other receivables (excluding VAT)	295,954	-	295,954
	<b>995,532</b>	<b>22,906</b>	<b>1,018,438</b>
<b>31 March 2016</b>			
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
	<b>1,118,089</b>	<b>19,278</b>	<b>1,137,367</b>

The carrying amount of financial assets approximate their fair value

## 7.4 Financial liabilities by category

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

	Financial liabilities at amortised cost	Total
<b>30 September 2016</b>		
Loans from related parties	33,738	33,738
Interest - bearing loans and borrowings	174,412	174,412
Trade and other payables (excluding VAT)	77,697	77,697
	<b>285,847</b>	<b>285,847</b>
<b>30 September 2015</b>		
Loans from related parties	41,684	41,684
Bank overdraft	9,775	9,775
Interest - bearing loans and borrowings	94,480	94,480
Trade and other payables (excluding VAT)	87,946	87,946
	<b>233,885</b>	<b>233,885</b>
<b>31 March 2016</b>		
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
	<b>269,671</b>	<b>269,671</b>

The carrying amount of financial liabilities approximate their fair value



## 8. HEADLINE EARNINGS

For the six month period ended 30 September 2016 the items that impacted the headline earnings calculation were the profit on disposal of property, plant and equipment as well as the gain on the disposal of the subsidiary.

## 9. BASIC EARNINGS PER SHARE

Earnings per share based on profit for the six months ended 30 September 2016 was 21.74 cents (30 September 2015: 16.73 cents), compared to a headline earnings per share of 19.31 cents (30 September 2015: 16.01 cents).

## 10. INTERIM DIVIDEND

No interim dividend has been proposed by the Board of directors.

## 11. DIRECTORS

There were no changes to the Board since the Annual General Meeting on 2 September 2016.

## 12. PROSPECTS

During the period under review, we have developed, what we believe are sustainable strategies that will make us prosper. We aim to make optimal use of our existing infrastructure and unlock synergies within the current operations to achieve these goals.

We have engaged in an expansion programme for our property and retail development in order to ensure that we meet customer needs to put us in a position to maintain sustainable growth.

The focus will remain on the furniture division, with the launch of our new branch in Windhoek which is currently meeting our expectations.

On behalf of the board:

P J de W Tromp

J D Mandy

Windhoek, 13 December 2016

## NICTUS GROUP OF COMPANIES



## COMPANY DETAILS

Company registration number  
1962/1735

NSX Share code  
NHL, ISIN number: NA000A1J2S6

### Directors

Philippus J de W Tromp (Chairman – Executive)  
Frans R van Staden (Executive)  
Wilmar O Fourie (Executive)  
Johannes J Retief (Executive)  
Nicolaas C Tromp (Executive)  
Gerard R de V Tromp (Non-Executive)  
John D Mandy (Independent Non-Executive)  
Gerard Swart (Lead Independent Non-Executive)

### Transfer Secretaries

Veritas Board of Executors (Proprietary) Limited  
Nictus Building, 140 Mandume Ndemufayo Avenue  
Southern Industrial, Windhoek

P O Box 755, Windhoek, Namibia

### Registered Office

Nictus Building, 140 Mandume Ndemufayo Avenue  
Southern Industrial, Windhoek

P O Box 755, Windhoek, Namibia

### Sponsor on the NSX

Simonis Storm Securities (Pty) Ltd

### Nictus Holdings Limited

P.O. Box 755, Windhoek, Namibia  
Nictus Building, 140 Mandume Ndemufayo Avenue  
Southern Industrial, Windhoek



**EXCELLENCE**

"We are what we repeatedly do.  
Excellence then, is not an act but a habit."  
Aristotle (384 BC - 322 BC)