

Nictus Holdings Limited

(Incorporated in the Republic of Namibia)

(Registration number 1962/1735)

Share Code: NHL

ISIN Code: NA000A1J2SS6

UNAUDITED CONSOLIDATED GROUP FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

| CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME | Unaudited | | Change % | Audited | |
|---|-----------------------------------|-----------------------------------|-------------|---------------------------------|-----------|
| | Six months ended 30 Sept 19 | Six months ended 30 Sept 18 | | Year ended 31 March 19 | |
| Figures in N\$'000 | Note | | | | |
| Revenue | | 316,645 | 406,726 | (22) | 677,603 |
| Cost of sales | | (225,635) | (296,571) | (24) | (470,061) |
| Claims incurred | | (2,979) | (10,890) | (73) | (13,056) |
| Gross profit | | 88,031 | 99,265 | (11) | 194,486 |
| Other income | | 3,287 | 4,793 | (31) | 9,919 |
| Other operating gains | | 84 | - | 100 | 2,254 |
| Investment income from operations | | 16,581 | 14,815 | 12 | 33,316 |
| Operating and administrative expenses | | (103,428) | (110,599) | (6) | (224,913) |
| Operating profit | | 4,555 | 8,274 | (45) | 15,062 |
| Investment income | | 1,499 | 1,506 | (0) | 2,798 |
| Operating profit before financing costs | 5 | 6,054 | 9,780 | (38) | 17,860 |
| Financing costs | | (5,482) | (9,340) | (41) | (15,046) |
| Profit before taxation | | 572 | 440 | 30 | 2,814 |
| Taxation | | 568 | 1,372 | (59) | 4,342 |
| Profit for the period | | 1,140 | 1,812 | (37) | 7,156 |
| Total comprehensive income for the period | | 1,140 | 1,812 | (37) | 7,156 |
| Other comprehensive income: | | | | | |
| Total comprehensive income for the year | | 1,140 | 1,812 | (37) | 7,156 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Parent | | 1,140 | 1,812 | (37) | 7,156 |
| Earnings per share | | | | | |
| Basic and diluted earnings per share (cents) | 8 | 2,13 | 3,39 | (37) | 13,64 |
| Basic and diluted earnings per share before treasury shares adjustment (cents) | | 2,17 | 3,45 | (37) | 13,39 |
| Dividends per share (cents) * ** | | 12,00 | 12,00 | - | 12,00 |
| Net asset value per share (cents) | | 301,88 | 302,57 | - | 312,57 |
| Number of shares in issue (000's) | | 53,444 | 53,444 | - | 53,444 |
| Number of Treasury shares held in Group (000's) | | 983 | 983 | - | 983 |

* Dividends paid July 2019 of 12 cents per share

** Dividends paid July 2018 of 12 cents per share

| | Unaudited | Audited |
|--|------------|------------|
| CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | |
| Figures in N\$'000 | 30 Sept 19 | 30 Sept 18 |
| | | 31 Mar 19 |
| ASSETS | | |
| Non-current assets | 838,739 | 794,860 |
| Property, plant and equipment | 348,970 | 339,867 |
| Investment Property | 43,642 | 43,642 |
| Intangible assets | 4,179 | 1,905 |
| Trade receivables, Investments at fair value and Loans & receivables | 428,608 | 400,506 |
| Deferred tax assets | 13,340 | 8,940 |
| Current assets | 806,190 | 926,885 |
| Total assets | 1,644,929 | 1,721,745 |
| | | 1,724,886 |
| EQUITY | | |
| Stated capital | 129 | 129 |
| Revaluation reserve | 58,848 | 58,848 |
| Contingency reserve (Insurance) | 15,551 | 15,551 |
| Retained earnings | 86,809 | 87,180 |
| | 161,337 | 161,708 |
| | | 167,052 |
| LIABILITIES | | |
| Non-current liabilities | 47,764 | 155,357 |
| Interest bearing loans and borrowings | 21,953 | 127,223 |
| Deferred tax liabilities | 25,811 | 28,134 |
| Current liabilities * | 1,435,828 | 1,404,680 |
| Insurance contract liability | 1,304,389 | 1,288,412 |
| Other current liabilities | 131,439 | 116,268 |
| Total liabilities | 1,483,592 | 1,560,037 |
| Total equity and liabilities | 1,644,929 | 1,721,745 |
| | | 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 CHANGES IN EQUITY

Figures in N\$'000

| | Stated Capital | Revaluation Reserve | Contingency reserve | Retained earnings | Total equity |
|--|-------------------|------------------------|------------------------|----------------------|-----------------|
| Balance at 1 April 2018 | 129 | 58,848 | 15,551 | 91,516 | 166,044 |
| Total comprehensive income | - | - | - | 1,812 | 1,812 |
| Profit for the period | - | - | - | 1,812 | 1,812 |
| Contributions by and to the owners of the Group | - | - | - | (6,148) | (6,148) |
| Dividends to equity holders | - | - | - | (6,413) | (6,413) |
| Prescribed dividends | - | - | - | 265 | 265 |
| Balance at 30 September 2018 | 129 | 58,848 | 15,551 | 87,180 | 161,708 |
| Total comprehensive income | - | - | - | 5,344 | 5,344 |
| Profit for the period | - | - | - | 5,344 | 5,344 |
| Balance at 31 March 2019, as previously reported | 129 | 58,848 | 15,551 | 92,524 | 167,052 |
| Impact of change in accounting policy | - | - | - | (707) | (707) |
| Restated balance at 31 March 2019 | 129 | 58,848 | 15,551 | 91,817 | 166,345 |
| Total comprehensive income | - | - | - | 1,140 | 1,140 |
| Profit for the period | - | - | - | 1,140 | 1,140 |
| Contributions by and to the owners of the Group | - | - | - | (6,148) | (6,148) |
| Dividends to equity holders | - | - | - | (6,413) | (6,413) |
| Prescribed dividends | - | - | - | 265 | 265 |
| Balance at 30 September 2019 | 129 | 58,848 | 15,551 | 86,809 | 161,337 |

Unaudited Audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| Figures in N\$'000 | Six months ended 30 Sept 19 | Six months ended 30 Sept 18 | Year ended 31 Mar 19 |
|--|-----------------------------------|-----------------------------------|----------------------------|
| Cash generated from / (used in) operations | 14,075 | (110,252) | 82,410 |
| Interest income | 1,499 | 1,506 | 2,798 |
| Finance cost | (5,482) | (9,340) | (15,046) |
| Net cash generated from / (used in) operating activities | 10,092 | (118,086) | 70,162 |
| Net cash generated from / (used in) investing activities | 27,088 | 130,124 | (27,248) |
| (Repayment of) / proceeds from interest-bearing loans and borrowings | (92,349) | 14,268 | 1,875 |
| Dividends paid | (6,413) | (6,413) | (6,413) |
| Proceeds from / (repayment of) loans from related parties | 8,943 | (6,949) | (6,141) |
| Net cash (used in) / generated from financing activities | (89,819) | 906 | (10,679) |
| Net movement in cash and cash equivalents | (52,639) | 12,944 | 32,235 |
| Cash and cash equivalents at beginning of period | 426,450 | 394,215 | 394,215 |
| Cash and cash equivalents at end of period | 373,811 | 407,159 | 426,450 |

RECONCILIATION OF HEADLINE AND DISTRIBUTABLE EARNINGS

| Figures in N\$'000 | Note | Six months | Six months | Year |
|--|------|---------------------|---------------------|----------------------------|
| | | ended 30 Sept 19 | ended 30 Sept 18 | ended 31 March 19 |
| Profit for the period, net of taxation | | 1,140 | 1,812 | 7,156 |
| Profit on disposal of plant and equipment | | (3) | (51) | (306) |
| Headline earnings | 8 | 1,137 | 1,761 | 6,850 |
| Headline earnings per share (cents) | | 2.17 | 3.30 | 13.06 |
| Headline earnings per share before treasury share adjustment (cents) | | 2.13 | 3.30 | 12.82 |

| Figures in N\$ '000 | Note | Unaudited | | Change | Year |
|--|------|-----------------------------------|-----------------------------------|-------------|--------------------|
| | | Six months ended 30 Sept 19 | Six months ended 30 Sept 18 | % | ended 31 Mar 19 |
| CONDENSED SEGMENT ANALYSIS | | | | | |
| Segment assets | | | | | |
| Retail | | 248,638 | 275,207 | (10) | 231,199 |
| Property | | 390,601 | 387,439 | 1 | 388,987 |
| Insurance & Finance | | 1,419,395 | 1,394,933 | 2 | 1,420,312 |
| | | 2,058,634 | 2,057,579 | 0 | 2,040,498 |
| Head office and eliminations | | (413,705) | (335,834) | 23 | (315,612) |
| | 6 | 1,644,929 | 1,721,745 | (4) | 1,724,886 |
| Segment revenue | | | | | |
| Retail | | 280,947 | 358,778 | (22) | 591,820 |
| Property (mainly intra-group) | | 11,414 | 13,345 | (14) | 24,637 |
| Insurance & Finance | | 54,542 | 61,923 | (12) | 109,032 |
| | | 346,903 | 434,046 | (20) | 725,489 |
| Head office and eliminations | | (30,258) | (27,320) | 11 | (47,886) |
| | 6 | 316,645 | 406,726 | (22) | 677,603 |
| Operating (loss) / profit after taxation | | | | | |
| Retail | | (6,374) | (7,377) | (14) | (9,629) |
| Property | | (2,521) | (1,822) | 38 | (3,853) |
| Insurance & Finance | | 13,371 | 11,449 | 17 | 23,731 |
| | | 4,476 | 2,250 | 99 | 10,249 |
| Head office and eliminations | | (3,336) | (438) | 662 | (3,093) |
| | 6 | 1,140 | 1,812 | (37) | 7,156 |

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 adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

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 3 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

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 independent external 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. CHANGE IN ACCOUNTING POLICY

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and 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 adoption of IFRS 16

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which 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 10,12%.

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 at 1 Apr 19 | 12,154 |
| Less: short term leases recognized on a straight-line basis as expense | (4,140) |
| Lease Liabilities recognized as 1 April 2019 | <u>7,744</u> |
| Current lease liabilities | 1,507 |
| Non-current lease liabilities | <u>6,237</u> |
| | <u>7,744</u> |

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 initial application. The recognized right-of-use asset only relates to properties (meeting the definition of property, plant and equipment).

The change in accounting policy affected the following items on 1 April 2019:

| | Figures in N\$'000 |
|-----------------------------|-------------------------------|
| Right-of-use assets | 5,698 |
| Deferred tax assets | 378 |
| Prepayments | (3) |
| Lease liabilities | (6,877) |
| Income statement effect | 97 |
| Impact on retained earnings | <u>(707)</u> |

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 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 5 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 so as 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. 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 remain unchanged from that reported at 31 March 2019.

5. REVIEW OF OPERATIONS

Overview of first six months

Trading conditions remain challenging as stated in the 2019 annual report. Trading conditions are now seen as 'the new normal' and continuous alignment of our businesses to these conditions is starting to reap results which are reflected in the results for the period.

6. SEGMENT RESULTS

Retail segment: Revenue declined compared to the prior reporting period. Results for the first six months is, however, a 14% improvement in operating profit / (loss) from the prior year despite declining revenues. Organic growth of the retail segment remains a focus area.

Property Companies: Revenues declined during the year, and as a result, the operating results have also declined. Savings have been achieved in electricity expenses over the past year which positively affected the segment results. Another solar plant was installed at the motor dealership to further drive efficiencies in the future.

Insurance and finance: Results for the segment have exceeded expectations. Improved profitability is mainly due to improved investment income and cost savings.

7. DETERMINATION & 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

The Group's Board of directors revalued the land and buildings at 31 March 2019. During the six months under review, the aggregated investments still approximated its fair value. The fair values are based on valuations and other market information that take into consideration the estimated rental value, market yield and replacement value of the property. Should any of the assumptions used in the valuation calculation change, it may have a material impact on the results of the Group. Investment properties and land and buildings are classified as level 2 in terms of the fair value hierarchy.

Investment in equity and debt securities

The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Cash and cash equivalents

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

Loans receivable and trade and other receivables

The fair value of loans and receivables and trade receivables are recognised initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Borrowings, loans from related parties and trade 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.

The fair value of these instruments are measured at amortised cost using the effective interest method (if applicable).

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 Categories of financial instruments

Figures in N\$ '000

| Financial assets | Unaudited | | |
|---|-------------------|----------------------|------------------|
| | 30 September 2019 | | |
| | Amortised cost | FVTPL - mandatory | Total |
| Cash and cash equivalents | 373,811 | - | 373,811 |
| Investments at fair value | - | 12,375 | 12,375 |
| Loans receivable | 516,472 | - | 516,472 |
| Trade and other receivables (excluding VAT) | 209,048 | - | 209,048 |
| | 1,099,331 | 12,375 | 1,111,706 |

Financial liabilities

| Financial liabilities | Amortised | |
|--|------------------|------------------|
| | cost | Total |
| Loans from related parties | 42,853 | 42,853 |
| Interest-bearing loans and borrowings | 58,175 | 58,175 |
| Trade and other payables (excluding VAT) | 47,599 | 47,599 |
| Insurance contract liability | 1,304,389 | 1,304,389 |
| | 1,453,016 | 1,453,016 |

Figures in N\$'000

| Financial assets | Unaudited | | |
|---|-------------------|----------------------|------------------|
| | 30 September 2018 | | |
| | Amortised cost | FVTPL - mandatory | Total |
| Cash and cash equivalents | 407,159 | - | 407,159 |
| Investments at fair value | - | 32,045 | 32,045 |
| Loans receivable | 393,041 | - | 393,041 |
| Trade and other receivables (excluding VAT) | 355,503 | - | 355,503 |
| | 1,155,703 | 32,045 | 1,187,748 |

Financial liabilities

| Financial liabilities | Amortised | |
|--|-----------|---------|
| | cost | Total |
| Loans from related parties | 33,102 | 33,102 |
| Interest-bearing loans and borrowings | 162,917 | 162,917 |
| Trade and other payables (excluding VAT) | 45,751 | 45,751 |

| | | |
|------------------------------|------------------|------------------|
| Insurance contract liability | 1,288,412 | 1,288,412 |
| | 1,530,182 | 1,530,182 |

7.1 Categories of financial instruments (continued)

Figures in N\$ '000

| Financial assets | Audited 31 March 2019 | | |
|---|--------------------------|---------------|------------------|
| | Amortised | FVTPL - | Total |
| | cost | mandatory | |
| Cash and cash equivalents | 426,450 | - | 426,450 |
| Investments at fair value | - | 21,819 | 21,819 |
| Loans receivable | 545,458 | - | 545,458 |
| Trade and other receivables (excluding VAT) | 216,957 | - | 216,957 |
| | 1,188,865 | 21,819 | 1,210,684 |

Financial liabilities

| | Amortised | |
|--|------------------|------------------|
| | cost | Total |
| Loans from related parties | 33,910 | 33,910 |
| Interest-bearing loans and borrowings | 150,524 | 150,524 |
| Trade and other payables (excluding VAT) | 40,212 | 40,212 |
| Insurance contract liability | 1,304,200 | 1,304,200 |
| | 1,528,846 | 1,528,846 |

7.2 Fair value hierarchy of financial assets, land and buildings and investment property

| Figures in N\$ '000 | Unaudited 30 September 2019 | | |
|-----------------------|--------------------------------|---------------|----------------|
| | Fair value | Level 1 | Level 2 |
| Land | 94,075 | - | 94,075 |
| Buildings | 229,873 | - | 229,873 |
| Investment property | 43,642 | - | 43,642 |
| Listed shares | 5,964 | 5,964 | - |
| Debt securities | 6,411 | 6,411 | - |
| Loans and receivables | 516,472 | - | 516,472 |
| | 896,437 | 12,375 | 884,062 |

| Figures in N\$ '000 | Unaudited 30 September 2018 | | |
|-----------------------|--------------------------------|---------------|----------------|
| | Fair value | Level 1 | Level 2 |
| Land | 94,075 | - | 94,075 |
| Buildings | 228,495 | - | 228,495 |
| Investment property | 43,642 | - | 43,642 |
| Listed shares | 32,045 | 32,045 | - |
| Loans and receivables | 393,041 | - | 393,041 |
| | 791,298 | 32,045 | 759,253 |

| Figures in N\$ '000 | Audited 31 March 2019 | | |
|-----------------------|--------------------------|---------------|----------------|
| | Fair value | Level 1 | Level 2 |
| Assets | | | |
| Land | 94,075 | - | 94,075 |
| Buildings | 229,648 | - | 229,648 |
| Investment property | 43,642 | - | 43,642 |
| Listed shares | 21,066 | 21,066 | - |
| Debt securities | 753 | 753 | - |
| Loans and receivables | 545,458 | - | 545,458 |
| | 934,642 | 21,819 | 912,823 |

8. HEADLINE EARNINGS

For the six month period ended 30 September 2019 the only item that impacted the headline earnings calculation was the profit on disposal of plant and equipment.

9. BASIC EARNINGS PER SHARE

Earnings per share based on profit for the six months ended 30 September 2019 was 2.13 cents (30 September 2018: 3.39 cents), compared to a headline earnings per share of 2.13 cents (30 September 2018: 3.30 cents).

10. DIVIDENDS

Ordinary dividends of 12 cents per share (N\$ 6,4 million) was declared and paid by the Company on 22 July 2019. No interim dividend has been proposed by the Board of directors.

11. DIRECTORS

The following directors were re-elected at the Annual General Meeting on 29 August 2019 - Gerard Swart, NC Tromp and WO Fourie. TB Horn was also elected as an independent non-executive director. JD Mandy retired as director as well as Chairman of the Audit committee on the same day.

FR van Staden and GR de V Tromp were re-elected as members of the Audit committee. TB Horn was elected as Chairperson of the Audit committee with effect from 29 August 2019.

12. PROSPECTS

Various promotions and special transactions have been planned and implemented during the first six months within the retail segment. The initial results of these actions have been positive. The constant drive to achieve higher investment returns, even if only marginal, will remain a focus area.

Traditionally, the majority of the Group's earnings have been generated during the second half of the financial year, and the expectations are that this trend will continue during this financial year.

On behalf of the Board:

PJ de W Tromp
TB Horn

Windhoek, 5 December 2019

Sponsor on the NSX

Simonis Storm Securities (Proprietary) Limited
(Member of the NSX)

