

Nictus Holdings Limited
(Incorporated in the Republic of Namibia)
(Registration number 1962/1735)
Share Code: NHL

ISIN Code: NA000A1J2SS6

INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

| | | Unaudited | | Audited |
|--|------|-----------------------------|--|----------------------------------|
| CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME | | | | |
| Figures in N\$'000 | Note | Six months ended 30 Sept 16 | Six months ended 30 Sept 15 Reclassified# | Change % Year ended 31 Mar 16 |
| Revenue | | 468,299 | 444,483 | 5 |
| Cost of sales | | (356,220) | (341,614) | 4 |
| Claims incurred | | (5,162) | (8,082) | (36) |
| Gross profit | | 106,917 | 94,787 | 13 |
| Other income | | 7,791 | 8,915 | (13) |
| Investment income from operations | 5 | 18,389 | 16,932 | 9 |
| Operating and administrative expenses | 5 | (115,170) | (109,321) | 5 |
| Operating profit | | 17,927 | 11,313 | 58 |
| Investment income | | 1,886 | 1,824 | 3 |
| Gain on non-current assets held for sale or disposal | 5 | - | 1,493 | - |
| Operating profit before financing costs | | 19,813 | 14,630 | 35 |
| Financing costs | | (5,581) | (3,661) | 52 |
| Profit before taxation | | 14,232 | 10,969 | 30 |
| Taxation | | (2,616) | (2,030) | 29 |
| Profit for the period | | 11,616 | 8,939 | 30 |
| 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 | | - | - | 3,392 |
| Total comprehensive income for the period | | 11,616 | 8,939 | 30 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | | 11,616 | 8,939 | 30 |
| Profit attributable to: | | | | |
| Owners of the Company | | 11,616 | 8,939 | 30 |
| Earnings per share | | | | |
| Basic earnings per share (cents) | 8 | 21.74 | 16.73 | 30 |
| Diluted earnings per share (cents) | | 21.74 | 16.73 | 30 |
| Dividends per share (cents) * ** | | 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 | | | | |

Refer to Note 5

| | Unaudited | Audited |
|---|------------|---------------|
| CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | |
| | 30 Sept 16 | 30 Sept 15 |
| | | 31 Mar 16 |
| Figures in N\$'000 | | Reclassified# |
| ASSETS | | |
| Non-current assets | 739,993 | 596,514 |
| Property, plant and equipment | 362,102 | 270,061 |
| Intangible assets | 830 | 921 |
| Investments | 371,865 | 321,515 |
| Deferred tax assets | 5,196 | 4,017 |
| Current assets | 897,736 | 858,410 |
| Non-current assets held for sale and assets of disposal groups | - | 4,527 |
| Total assets | 1,637,729 | 1,459,451 |
| | 1,617,077 | |
| EQUITY | | |
| Stated capital | 129 | 129 |
| Revaluation reserve | 58,767 | 55,375 |
| Contingency reserve (insurance) | 12,348 | 19,112 |
| Retained earnings | 86,214 | 58,388 |
| LIABILITIES | | |
| Non-current liabilities | 161,249 | 95,202 |
| Interest bearing loans and borrowings | 130,145 | 67,835 |
| Deferred tax liabilities | 31,104 | 27,367 |
| Current liabilities | 1,319,022 | 1,228,853 |
| Insurance contract liability | 1,160,421 | 1,058,125 |
| Other current liabilities | 158,601 | 170,728 |
| Liabilities of disposal groups | - | 2,392 |
| Total liabilities | 1,480,271 | 1,326,447 |
| | | 1,461,615 |

| | | | |
|-------------------------------------|-----------|-----------|-----------|
| Total equity and liabilities | 1,637,729 | 1,459,451 | 1,617,077 |
|-------------------------------------|-----------|-----------|-----------|

Refer to Note 5

| | Unaudited | Audited | |
|---|-----------------------------------|--|----------------------------|
| CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW | | | |
| | Six months ended 30 Sept 16 | Six months ended 30 Sept 15 Reclassified# | Year ended 31 Mar 16 |
| Figures in N\$'000 | | | |
| 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) |
| Net cash generated from / (used in) operating activities | 77,674 | (18,933) | (40,913) |
| Net cash (used in) / generated from investing activities | (196,367) | (37,280) | 16,945 |
| Net cash generated from financing activities | 9,967 | 39,645 | 92,044 |
| Net (decrease) / increase in cash and cash equivalents | (108,726) | (16,568) | 68,076 |
| Cash and cash equivalents at beginning of period | 465,999 | 397,923 | 397,923 |
| Cash and cash equivalents at end of period | 357,273 | 381,355 | 465,999 |

Refer to Note 5

RECONCILIATION BETWEEN EARNINGS & HEADLINE EARNINGS

| | | Six months ended 30 Sept 16 | Six months Ended 30 Sept 15 | Year ended 31 Mar 16 |
|---|----------|-----------------------------------|-----------------------------------|----------------------------|
| Figures in N\$'000 | | | | |
| Note | | | | |
| 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) | - | - |
| Headline earnings | 8 | 10,320 | 8,556 | 26,676 |
| Headline earnings per share (cents) | | 19.31 | 16.01 | 49.90 |
| Diluted Headline earnings per share (cents) | | 19.31 | 16.01 | 49.90 |

| | | Unaudited | | Audited | |
|--|------|------------|----------------|---------|----------------|
| CONDENSED SEGMENT REPORT | | | | | |
| | | Six months | Six months | | Year |
| | | ended | ended | Change | ended |
| | | 30 Sept 16 | 30 Sept 15 | % | 31 Mar 16 |
| Figures in N\$'000 | Note | | Reclassified## | | Reclassified## |
| Segment assets | | | | | |
| 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 |
| Segment revenue | | | | | |
| 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 |
| Operating profit after taxation | | | | | |
| 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

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 |
|--|------------------------------|-----------------------------------|-----------------------------------|---------------------------------|----------------------------|
| Balance at 1 April 2015 | 129 | 55,375 | 19,442 | 58,739 | 133,685 |
| Total comprehensive income | - | - | - | 8,939 | 8,939 |
| Profit for the period | - | - | - | 8,939 | 8,939 |
| Transfers from contingency reserve (insurance) to retained earnings | - | - | (330) | 330 | - |
| Contributions by and to the owners of the Group | - | - | - | (9,620) | (9,620) |
| Dividends to equity holders | - | - | - | (9,620) | (9,620) |
| Balance at 30 September 2015 | 129 | 55,375 | 19,112 | 58,388 | 133,004 |
| Total comprehensive income | - | 3,392 | - | 19,066 | 22,458 |
| Profit for the period | - | 3,392 | - | 19,066 | 22,458 |
| Transfers from contingency reserve (insurance) to retained earnings | - | - | (3,561) | 3,561 | - |
| Balance at 31 March 2016 | 129 | 58,767 | 15,551 | 81,015 | 155,462 |
| Total comprehensive income | - | - | - | 11,616 | 11,616 |
| Profit for the period | - | - | - | 11,616 | 11,616 |
| Transfers from contingency reserve (insurance) to retained earnings | - | - | (3,203) | 3203 | - |
| Contributions by and to the owners of the Group | - | - | - | (9,620) | (9,620) |
| Dividends to equity holders | - | - | - | (9,620) | (9,620) |
| Balance at 30 September 2016 | 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 comparative 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.

| | Unaudited 30 Sept 15 N\$'000 |
|-----------------------|---------------------------------------|
| Profit or loss | |
| Revenue | 49,619 |
| Expenses | (47,939) |
| Net profit | 1,680 |
| Tax | (187) |
| | <u>1,493</u> |

Assets and liabilities**Assets of disposal group**

| | |
|-----------------------------|-------|
| Inventories | 1,838 |
| Trade and other receivables | 1,971 |
| Other assets | 718 |
| | <hr/> |
| | 4,527 |

Liabilities of disposal group

| | |
|-------------------|-------|
| Other liabilities | 2,392 |
| | <hr/> |

Equity

| | |
|-------|-------|
| Other | 186 |
| | <hr/> |

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 was 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 comparative 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 purposes 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 | | Year ended |
| | 30 Sept 16 | 30 Sept 15 | 31 Mar 16 |
| | N\$'000 | N\$'000 | N\$'000 |
| Level 2 | | | |
| Land | 128,148 | 99,820 | 102,274 |
| Buildings | 217,931 | 156,932 | 195,839 |
| | 346,079 | 256,752 | 298,113 |

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

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

| | Unaudited | | Audited |
|-----------------------|------------------|----------------|----------------|
| | Six months ended | | Year ended |
| | 30 Sept 16 | 30 Sept 15 | 31 Mar 16 |
| | N\$'000 | N\$'000 | N\$'000 |
| Level 1 | | | |
| Listed shares | 17,067 | 21,233 | 17,589 |
| Debt securities | 1,020 | 1,004 | 1,020 |
| | 18,087 | 22,237 | 18,609 |
| Level 2 | | | |
| Loans and receivables | 366,414 | 310,842 | 218,706 |
| Level 3 | | | |
| Unlisted shares | 669 | 669 | 669 |
| | 385,170 | 333,748 | 237,984 |

7.3 Financial assets by category

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

| Figures in N\$'000 | Loans and receivables | Fair value through profit or loss - held for trading | Total |
|-----------------------------|-----------------------|--|------------------|
| 30 September 2016 | | | |
| Cash and cash equivalents | 357,273 | - | 357,273 |
| Investments | 363,506 | 18,756 | 382,262 |
| Trade and other receivables | 311,717 | - | 311,717 |
| | 1,032,496 | 18,756 | 1,051,252 |
| 30 September 2015 | | | |
| Cash and cash equivalents | 391,130 | - | 391,130 |
| Investments | 308,448 | 22,906 | 331,354 |
| Trade and other receivables | 295,954 | - | 295,954 |
| | 995,532 | 22,906 | 1,018,438 |
| 31 March 2016 | | | |
| Cash and cash equivalents | 472,501 | - | 472,501 |
| Investments | 216,913 | 19,278 | 236,191 |
| Trade and other receivables | 428,675 | - | 428,675 |
| | 1,118,089 | 19,278 | 1,137,367 |

The carrying amount of financial assets approximates their fair value.

7.4 Financial liabilities by category

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

| Figures in N\$'000 | Financial liabilities at amortised cost | Total |
|---------------------------------------|---|----------------|
| 30 September 2016 | | |
| Loans from related parties | 33,738 | 33,738 |
| Interest-bearing loans and borrowings | 174,412 | 174,412 |
| Trade and other payables | 77,697 | 77,697 |
| | 285,847 | 285,847 |
| 30 September 2015 | | |
| 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 | 87,946 | 87,946 |
| | 233,885 | 233,885 |
| 31 March 2016 | | |
| 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 | 74,606 | 74,606 |
| | 269,671 | 269,671 |

The carrying amount of financial liabilities approximates 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

Sponsor to Nictus Holdings Limited in Namibia



(Pty) Ltd

Member of the Namibian Stock Exchange