Taking action with a strategic focus…

www.nictuslimited.co.za

Integrated annual report
for the year ended 31 March 2017

ABOUT THIS REPORT

The 2017 report builds on the disclosure contained in last year's integrated annual report and has been prepared in line with best practice based on the principles of King lll and the provisions of the Companies Act of South Africa have been applied. Audited financial statements are published as part of the integrated annual report. The audited financial statements are also available to shareholders on the Nictus group website W www.nictuslimited.co.za and by request from the company secretary at E groupsec@nictus.com.na.

Approval of the integrated annual report

The audit and risk committee oversees the preparation of the integrated annual report. The committee recommended the report for approval to the group's board of directors.

Scope and boundaries of the report

This report covers the activities and performance of the Nictus Group (the group) which includes Nictus Limited, the holding company of the group, and all its subsidiaries, for the year ended 31 March 2017. The companies operate in South Africa.

There has been no change from last year in the scope and boundary of the report. The reporting complies with International Financial Reporting Standards (IFRS), the Companies Act of South Africa and the JSE Listings Requirements. Whilst management has also considered the reporting guidelines of the Integrated Reporting Committee of SA, not all these guidelines were incorporated in this report.

Forward-looking statements

The integrated annual report includes forward-looking statements relating to the financial position and results of the group's operations. These statements by their nature involve uncertainty as they relate to events and depend on circumstances that may or may not occur in the future.

Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global and national economic conditions, the cyclical nature of the retail sector, changes in interest rates, credit and the associated risk of lending, collections, inventory levels, gross and operating margins, capital management, the execution of the business model and competitive and regulatory factors. The group undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or otherwise. The forward-looking statements have not been reviewed or reported on by the group's auditors.

Independent assurance

Assurance of the financial statements has been provided by the external auditor, KPMG Inc.

Feedback

The group aims to establish and maintain constructive and informed relationships with all of its stakeholders.

Stakeholders are encouraged to provide feedback on the integrated annual report at E groupsec@nictus.com.na which will enable the group to gauge the adequacy and standard of its integrated reporting.

PHILOSOPHY

Nictus has been 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 in Southern Africa
- 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
- Fanatical discipline

"We are what we repeatedly do. Excellence then, is not an act but a habit."

Aristotle (384 BC – 322 BC)

STRUCTURE AND FOOTPRINT

nictus

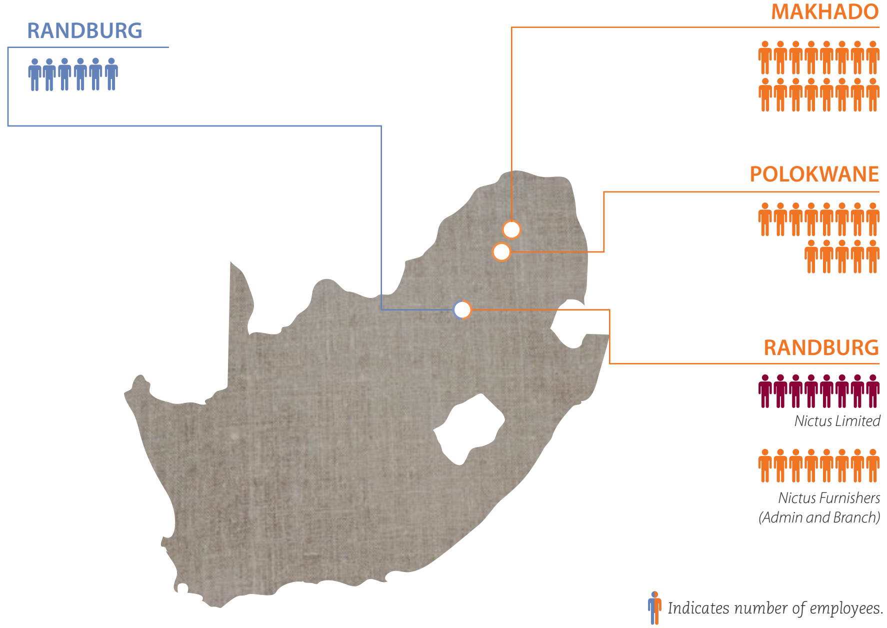
100% 100%

INSURANCE AND FINANCE SEGMENT

Corporate Guarantee (South Africa) Limited
www.corporateguarantee.co.za

FURNITURE RETAIL SEGMENT

Nictus Meubels Proprietary Limited
Kruben Holdings Proprietary Limited
www.nictusfurnishers.co.za



GROUP PROFILE

Nictus Group is a retailer of household furniture, electrical appliances and home electronics sold through the Nictus Furnishers brand as well as a short-term insurer through the Corporate Guarantee brand.

The group has three furniture retail stores in South Africa. Nictus places the customer first by continually striving towards **EXCELLENCE**. Helpful personnel provide service with dedication and motivation, while maintaining integrity, focus and sound values. Products are of the **HIGHEST QUALITY** and provide excellent value for money. Stores are situated in Makhado, Polokwane and Randburg.

The furniture retail segment is primarily focused on the expanding middle to higher income market in the living standards measurement (LSM) 7 category and above. The group has a recurring customer base in the areas that we operate in. Customers are predominantly from black communities.

The financial services division of the Nictus group is run through Corporate Guarantee, which brings a unique approach to short-term insurance through the alternative risk transfer model. The head office is currently situated in Randburg and utilises group administration staff.

The high levels of recurring sales in both the furniture and insurance divisions are evidence of service satisfaction, trust and customer loyalty. As part of the commitment to service excellence, the group ensures that clients are served by staff from their own communities.

Nictus was founded in 1945 and was primary listed on the JSE on 1 July 1969, under general retailers, JSE code: NCS.

The selling of new furniture under the Nictus brand name first commenced in Namibia in 1955. The first South African furniture outlet was established in Randburg in 1983.

Corporate Guarantee (South Africa) Limited was founded in 2002. The company has built up a client base throughout South Africa.

Since the 2012 unbundling of the Namibian operation, the South African group is making steady progress towards sustainable profit and growth with effective management being established in South Africa.

Please refer to the website for more information at www.nictuslimited.co.za

Group revenue decreased by **12,6%** to **R44,7 million**
(2016: R51,1 million)

Group total assets increased by **15,1%** to **R594,8 million**
(2016: R516,6 million)

Investment income increased by **23,4%** to **R37,9 million**
(2016: R30,7 million)

Profit for the year decreased by **13,7%** to **R6,9 million**
(2016: R8,0 million)

Dividend of 3,0 cents per share declared

FOUR YEAR REVIEW OF THE GROUP

Figures in R'000	2017	2016	2015	2014
Statements of financial position				
Assets				
Non-current assets	**44 884**	63 339	65 140	58 636
Current assets	**549 903**	453 217	435 940	375 073
Total assets	**594 787**	516 556	501 080	433 709
Equity and liabilities				
Total shareholders' equity	**99 303**	94 400	88 415	81 591
Non-current liabilities	**2 398**	2 602	2 384	2 506
Current liabilities	**493 086**	419 554	410 281	349 612
Total equity and liabilities	**594 787**	516 556	501 080	433 709
Statements of comprehensive income				
Revenue	**44 651**	51 062	55 932	48 757
Operating profit*	**7 069**	9 299	6 736	3 668
Financing costs	**–**	–	–	(1)
Profit before taxation	**7 069**	9 299	6 736	3 667
Taxation (expense)/credit	**(178)**	(1 312)	88	(653)
Profit after taxation	**6 891**	7 987	6 824	3 014
Attributable to:				
Equity holders of the parent	**6 891**	7 987	6 824	3 014
	6 891	7 987	6 824	3 014
Ordinary dividends (R'000)	**1 988**	1 988	–	–
Number of ordinary shares issued	**66 269 940**	66 269 940	66 269 940	66 269 940
Weighted average number of shares	**66 269 940**	66 269 940	66 269 940	66 269 940

**Amounts stated before taking into account finance costs.*

	2017	2016	2015	2014
Key ratios				
Performance per ordinary share				
Basic earnings (cents)	**10,40**	12,05	10,30	4,55
Headline earnings (cents)	**10,45**	12,03	10,30	4,53
Dividends (cents)	**3,00**	3,00	–	–
Net worth (cents)	**149,85**	142,45	133,42	123,12
Profitability and asset management				
Net operating income* to turnover (%)	**15,83**	18,21	12,04	7,52
Return on assets managed (%)	**7,12**	9,90	7,70	4,44
Net asset turn (times)	**0,45**	0,54	0,64	0,59
Return on shareholders' equity (%)	**6,94**	8,46	7,72	3,69
Liquidity				
Interest cover (times)	**–**	–	–	3 668,00
Dividend cover (times)	**3,47**	4,01	–	–
Liability ratio	**4,92**	4,38	4,64	4,28
Current ratio	**1,12**	1,08	1,06	1,07
JSE performance				
Market price (cents) High	**70**	99	130	185
Market price (cents) Low	**45**	34	70	56
Market price (cents) At year end	**52**	60	79	70
Price earnings ratio	**4,98**	4,99	7,67	12,69
Earnings yield (%)	**20,08**	20,05	13,04	6,47
Volume of shares traded to weighted number of issued shares (%)	**1,84**	4,83	1,33	1,42
Market capitalisation (R'000)	**34 460**	39 762	52 353	46 389

**Amounts stated before taking into account finance costs.*

DEFINITIONS, RATIOS AND TERMS

Average net assets
The sum of net assets at the end of the current year and the previous year, divided by two.

Borrowings ratio
The sum of current and non-current interest-bearing borrowings to the sum of total equity and deferred taxation.

Current ratio
Current assets to current liabilities.

Dividend cover
Headline earnings divided by ordinary dividends paid in the current year.

Dividends per share
Dividends for the year divided by the number of shares in issue at the date of each dividend declaration.

Earnings per share
Profit or loss for the year after adjusting for non-controlling interest, divided by the weighted average number of shares in issue during the year.

Earnings yield (%)
Headline earnings per share to market price at year end.

Headline earnings per share
Headline earnings divided by the weighted average number of shares in issue during the year.

Interest cover
Operating profit or loss before financing costs divided by financing costs.

Liability ratio
The sum of non-current interest-bearing borrowings and current liabilities to total equity and deferred taxation.

Net asset turn
Revenue divided by average net assets.

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.

Net worth per share
Equity attributable to equity holders of the company divided by the number of ordinary shares in issue at year end.

Operating profit to turnover
Operating profit before financing costs divided by revenue.

Price earnings ratio
Market price at year end to headline earnings per share.

Return on assets managed
Operating profit before financing costs expressed as a percentage of average net assets.

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.

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.

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 country 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 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.

Lion King
9 piece dining room suite

HIGH LEVEL RISKS OF THE GROUP

Risk	Impact	Mitigation	Segment
Economic and political outlook			
Uncertain economic and political conditions may impact consumer confidence	This could negatively affect our ability to achieve our profit targets.	Changes in the current economic and political environments are consistently monitored at group level. In instances where changes in the economic environment are identified that could negatively impact the group, these are discussed, assessed and, if required, counter measures are implemented immediately to mitigate potential losses.	Group
Brand and reputation			
Reputational risk	Should customers and stakeholders no longer trust the brands within the group, sales could deteriorate and shareholder value be lost.	Managing executives and the board ensure good corporate governance, sound business practices and compliance with laws and regulations. Client and stakeholder relationships further play a vital role in mitigating the risk.	Group
Market risk			
Exposure of investments to market risk	Fluctuations and movements could negatively impact profitability.	Senior management together with the group investment committee evaluate and manage the market risk as well as the mitigating factors with regard to these risks. Sound relationships exist with investment institutions and regular updates on market risk are received and evaluated.	Insurance segment
Operational risk			
Weakness in or failure of our internal control systems	Any weakness in or failure of internal control systems will negatively affect our ability to effectively manage our business, control inventory and contain costs. This will result in losses for the group.	A strong focus is placed on the maintenance of internal control systems throughout the group. A strict credit granting policy is in place for all customers before credit sales are approved. Highly skilled employees with a high level of integrity are employed in key positions. Internal audit further provides feedback on internal controls of subsidiaries.	Group
Inadequate control of group assets	Inadequate control of group assets could result in financial losses to the business.	The group's investment committee oversees investments within the group structure. The focus of this committee is to optimise returns within the parameters of the various laws and regulations applying to the group and its subsidiaries.	Group
Supplier relationships	Deterioration of supplier relationships could result in a decrease in profits due to non-availability of inventory and assistance to enhance customer service.	Open communication channels exist with all suppliers to ensure that good relationships are maintained at all times. Agreed trade terms are in place and these terms are respected at all times.	Group

Risk	Impact	Mitigation	Segment
Operational risk continued			
Client relationships	Deterioration of client relationships could result in failure to meet sales and premium targets.	Clients are treated with respect at all times. Furniture clients are able to contact the various branch managers at any time to discuss problems that may arise. Credit agreements with clients further ensure compliance with our terms and conditions of sales. Such terms and conditions are explained to the client in detail prior to the conclusion of the sale. Relationships with insurance clients, once established, are managed on an ongoing basis.	Group
Compliance with various laws and regulations	Non-compliance with the various laws and regulations could result in penalties incurred as well as reputational damage.	Qualified people are employed within the group to monitor changes in laws and regulations as well as compliance therewith. Changes in possible impacts of ever-changing laws and regulations are discussed at group and subsidiary level. Compliance to the various laws and regulations is non-negotiable.	Group
Information technology failure and data security	Business interruption, data losses and breach of client confidentiality could result in reputational damage, financial losses and non-compliance with laws and regulations.	Senior management has adopted a more proactive approach to managing the IT environment by: outsourcing key functions to reputable third parties and maintaining sound business relationships with key software licensors.	Group
Credit risk			
Credit risk on counter-parties	Default from a counterparty being an investment house, bank or reinsurer could result in financial losses to the group.	Senior management together with the group investment committee evaluate the credit risk on all counterparties and monitor exposure to institutions and industries.	Insurance segment
Bad debts	Losses incurred due to non-performance of debtors due to economic conditions.	Stricter controls are in place for the credit granting process and the follow up and collection of debt is a continuous process with additional focus by branch personnel and management. Authorisation levels are in place as well as repossession procedures.	Furniture segment

LEADERSHIP

Succession planning remains at the pinnacle of the board's priority list. Talent pools are developed on an ongoing basis to stimulate our philosophy of promotion from within.

OUR BOARD OF DIRECTORS

1. Prof Johan Willemse (62)

Independent non-executive chairman

Committees: Remuneration, audit and risk, investment *(chairman)*

Barend J Willemse (Johan) obtained his MCom (Economics) from the University of the Free State and his PhD (Agricultural Economics) from the University of Pretoria, for which he received the Protein Research Trust award for the best PhD. A Cochrane bursary to study at the Illinois University (USA) was awarded in 2003.

He received various awards for his work, which included two awards as the agricultural writer of the year, ABSA/Sake economist of the year, the Animal Feed Manufacturers Association person of the year, agriculturalist of the year by the central region of Agricultural Writers Association and nominated as Bloemfonteiner of the year, 2009.

His experience includes: member of the National Agricultural Marketing Council, trustee of the Oilseeds and Protein Research Trust, chief economist of Agri SA and member of the SA Maize Board's management team, entrepreneur with his wife Marlene and two daughters in various businesses, including agri-business consulting, feed manufacturing and tourism. He was a full Professor at the Department of Agricultural Economics and chair for five years at the UFS. He served on Absa Group and Absa Bank boards for more than five years as an independent non-executive director and for three years as board member of Absa Financial Services Proprietary Limited (serving on various committees). He is currently involved with UFS Business School and teaching a course on scenario planning.

2. Gerard Tromp (36)

Executive group managing director

Committees: Audit and risk (by invitation), social and ethics, investment

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 the group company secretary, which role he fulfilled until 2012. During 2012, he was appointed as the managing director of the furniture segment. During 2014, he was appointed as deputy managing director of the group. On 18 April 2016, he was appointed as managing director of the group.

3. Eckhart Prozesky (31)

Executive group financial director

Committees: Audit and risk (by invitation), investment

Eckhart H Prozesky is a chartered accountant (South Africa) and completed his articles in 2011. After completion of his articles he joined the group in 2012 as the financial manager of the furniture segment. During 2015, he was appointed as the financial director of the group.

4. Nico Tromp (68)

Non-executive

Committees: Remuneration (by invitation), audit and risk (by invitation), investment

Nicolaas C Tromp (Nico) has a BCom degree. After completing his accounting articles in 1973, he joined the Nictus group and became the managing director of the group in 1979. He served as chairman of the Nictus group from 1998 until 2003. He is also a director/chairman of various other companies and has acted as a trustee of numerous trusts for the past 30 years. He stepped down as managing director of the group on 18 April 2016.

5. Philippus Tromp (41)

Non-executive

Committees: Social and ethics *(chairman)*

Philippus J de W Tromp has a BEcon, EDP: USB; SMP: USB and was appointed as a non-executive director of Nictus Limited in 2012. He is currently the group managing director of Nictus Holdings Limited and has served the Nictus group for the past 14 years.

6. Gerard Swart (62)

Independent non-executive

Committees: Remuneration *(chairman)*, audit and risk

Gerard Swart is a qualified chartered accountant (South Africa and Namibia) and boasts 34 years' experience in the accounting profession, of which 24 years as audit partner, during which he fulfilled the role of managing partner for 15 years.

7. John Mandy (71)

Independent non-executive

Committees: Remuneration, audit and risk *(chairman)*

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 was elected as an independent non-executive director and member and chairman of the audit and risk committee of Nictus Limited in 2013, 2014, 2015 and 2016.

8. Willem Boshoff (31)

Company secretary

He fulfils the role of nominee group secretary of Veritas Board of Executors Proprietary Limited.

CHAIRMAN'S REPORT

We are grateful that Nictus continued to be profitable, while the macro economy is in a declining growth phase and with an outlook of no growth for 2017/18.

Prof Johan Willemse
Chairman

The international credit ratings downgrade that followed Mr Zuma's cabinet reshuffle at the end of March was the first step in the reversing of expectations. The outlook for interest rates has changed from slowly declining into 2017 and 2018, towards a potential increase by 0,5-1 percentage points during the next year. This follows the new outlook of a slow increase in inflation, as the Rand exchange rate started to reverse the strengthening trend into a weakening trend. A number of economic indicators from car sales to business confidence indexes turned sharply into negative territory during April 2017 with little improvement, if any, in sight.

The next business year will be tough for most businesses in South Africa and maintaining profitability and the required return on capital will remain a challenge.

As reported last year, the group went through some changes, and with the new managing director and new management team we are confident that the Nictus group will remain profitable for the following reasons: Clear strategies have been developed to continue to grow the business within the limits of available resources and risk appetite; and new business opportunities have been identified and are being pursued that will increase the basis of growth and profits into the future for the investments in the furniture and insurance segments. Further investments in technology are also in progress, that will improve the operating environment of the group.

Continuous delays in implementing the new insurance bill results in increases in cost. Regulatory requirements need to be met from the current act as well as the new proposed bill and regulations. However, Corporate Guarantee (South Africa) Limited is well placed to meet the requirements of the new bill. Developing a more flexible product offering and expanding the areas of business resulted in new growth opportunities, but also diversifying concentration risks. A subcommittee of the board oversees the investments of the funds, with renewed focus on margins and low risk investments, within the prescriptions of the Act.

The furniture sector in South Africa remains under pressure, a result of tightening in credit and as disposable incomes slow down. Nictus Meubels Proprietary Limited has a very good record on credit scorecard applications in selecting creditworthy clients. Bad debts remain well below the industry average and we are confident that the trade receivables impairment allowance is adequate and we will remain cautious, given the expected economic environment.

Given a strong capital base and sufficient cash, we continue to carefully evaluate new business opportunities to grow the business further and to continue to deliver value to our stakeholders while doing business on an ethical basis. I wish to thank the MD and all staff for their loyalty and ethical way of doing business.

I want to thank my fellow board members for continuous support and dedication in fulfilling our duties as directors. In this regard, we have also decided to continue to strive to meet the guidelines of good corporate governance, as proposed by King IV, in the continuous building of the company for the benefit of all stakeholders.

GROUP MANAGING DIRECTOR'S REPORT

The past year was challenging given the volatile economic and political environments. It gives me pleasure to report, however, that thanks to our committed employees, valued stakeholders and solid governance structures, the group still achieved satisfactory results. We are proud that, despite these difficult circumstances and a result showing reduced turnover and profitability, we can report an increase of 15% growth in group assets.

During the past year, long-term strategies were formulated across the group and we are excited about putting these strategies into practice. I believe that the conditions for conducting business in the coming financial year will remain challenging, but I am confident that we will maintain profitability whilst expanding our asset base throughout South Africa.

Gerard Tromp
Executive group managing director

Segmental performance

The segments performed satisfactorily during the year. Nictus Limited has increased its focus and drive towards establishing various functions across the group to enhance synergies and promote efficiency and effectiveness. Our vision of being an independent and diversified investment holding company whilst creating wealth for all stakeholders remains the primary focus area.

Furniture segment

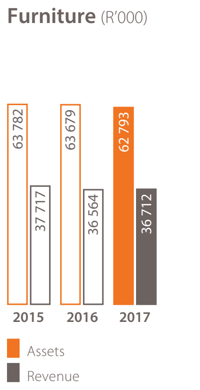
The furniture segment experienced a tough year and while major competitors closed down, the industry still remained resilient to the changes and consequences of these closures. We believe that many opportunities have arisen as a result and we have developed long-term strategies to increase the current offering and to expand the range of our products. Technological development remains a primary tool to ensure sustainability.

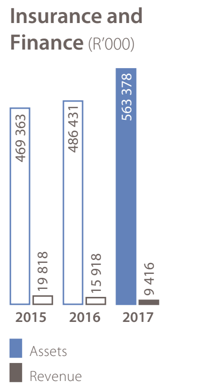
Insurance and finance segment

The insurance segment performed well during the year despite being exposed to political changes and economic challenges that resulted in changes in rates of return. Net written premiums increased during the past year and we are confident in our ability to maintain this trend for sustainable growth. Exceptional focus is placed on customer service and continuing development of structures that will convert risk to sustainable wealth.

Corporate governance

Nictus remains committed to the highest standards of corporate governance. Our commitment extends to employing employees with high levels of integrity and qualifications who assist in a continuous enhancement of the internal control environment. The implementation of King IV will be addressed during the year ahead and we look forward to seeing the results of this process. Although we are in a changing regulatory environment, especially in the insurance industry, we remain committed to conforming to all rules and regulations we are exposed to across the group.





Outlook

Nictus remains a proud South African corporate citizen with long-term strategies to continue on this path and to contribute to the success of the country. These strategies will be implemented and should start to reap benefits within the next three years. We believe that the group has an exceptional value offering for its customers and clients and we look forward to capturing these synergies for the benefit of all policyholders, stakeholders and shareholders.

Appreciation

I would like to thank the chairman and the members of the board for their vision and exceptional support, as well as management and staff for their unconditional commitment and shared vision in building this group and assisting in taking it to the next level.

I thank my family for their endless support and ultimately, I thank God for blessing the group, guiding and protecting its employees and their families, and embracing us with endless grace.

EXECUTIVE MANAGEMENT

Gerard Tromp
Group managing director
CA(SA), CA(NAM)

Eckhart Prozesky
Group financial director
CA(SA)

Ion Gerber
Insurance segment
CA(SA)

GROUP VALUE ADDED STATEMENT

Figures in R'000	2017	2016
Wealth created		
Revenue	**44 651**	51 062
Investment income	**42 725**	34 568
Cost of material and services	**(65 540)**	(65 521)
	21 836	20 109

Figures in R'000	%	2017	%	2016
Applied as follows				
Employees and directors				
– Salaries, wages and other benefits	**65**	**14 285**	57	11 553
Reinvested to support future growth:	**35**	**7 551**	43	8 556
Depreciation and amortisation	**3**	**660**	3	569
Profit attributable to equity holders of the parent	**32**	**6 891**	40	7 987
	100	**21 836**	100	20 109

Figures in R'000	%	2017	%	2016
Direct and indirect taxes				
Value added tax	**74**	**8 229**	32	643
PAYE	**21**	**2 283**	68	1 365
Corporate tax	**5**	**592**	–	–
	100	**11 104**	100	2 008

Berwick coffee table

OPERATIONAL REVIEW

Nictus puts the customer first by continually striving towards excellent service with dedicated, helpful, focused and motivated staff by maintaining integrity, discipline and a high value system. Our products are of the **highest quality** and provide excellent value for money.

Bella
wardrobe with sliding mirror

Nictus Furnishers

Nictus Furnishers is a furniture retail company operating in South Africa.

Nictus has established itself as a household name for more than seven decades and is widely acknowledged for its quality, value and service. The most important benefit for our customers is the fact that they can purchase quality products at affordable prices, thereby receiving excellent value for their money. Management sees credit granting solely as a marketing tool.

Product mix, variety and exclusivity play a significant role in the success of the business. Branch managers are involved in merchandising to maintain the optimal mix within the areas that we operate in.

Products

Nictus stocks a wide variety of the well-known local and international brands in the furniture trade.

Visit our furniture website for more information at W www.nictusfurnishers.co.za as well as our social media platform on Facebook (nictusfurnishers).

Future strategy

Product innovation, exclusivity and throughput through current branches will be increased for all branches to operate at optimum levels.

Corporate Guarantee

Corporate Guarantee (South Africa) Limited is an insurance company with a unique approach to short-term insurance. We offer innovative risk management products as an alternative to conventional insurance products. Because we understand that the financial needs and risk profile of each of our clients are different, we focus on structuring unique solutions to fit the needs of each of our clients. We have a philosophy of building strong and lasting relationships and that is why we view our customers and stakeholders as valuable partners in creating alternative insurance solutions.

Our product

Our product is based on the principle of Alternative Risk Transfer (ART). We enable our clients to build up their own contingency fund as a method of protection against unforeseen risks. This fund is not used to subsidise any other third party risk, which can lead to significant reduction in insurance costs.

The aim of the product is to build up a contingency policy fund to such a level that the owner becomes less dependent on costly conventional insurance.

We therefore believe that we truly empower the policyholder to enjoy access to a fund that otherwise would have been lost. The reward for better risk management is the potential refund of all the premiums paid into the contingency policy.

Visit our insurance website for more information at W www.corporateguarantee.co.za.

Advantages of the product

- The contingency policy enables the policyholder to retain more risk for his own account and can be used in combination with conventional insurance as part of a total insurance programme.
- Risks that are normally excluded under conventional insurance can be covered under the policy.
- The insured is rewarded for good risk management and participates in underwriting profits.
- The product reduces the need for the purchase of conventional insurance to catastrophe type covers.
- It encourages better risk management which will directly result in a reduction of conventional insurance cost. It enhances cash flow and financial stability.

Future strategy

Increasing investment return automatically increases profit within the segment as well as the group. A group investment committee assists with the management of investments within the group, especially the insurance segment. An investment mandate is in place within the segment, providing management with specific guidelines in investing financial assets. Service to our clients remains one of the cornerstones of our success.

Carla wingback
push-back chair

GOVERNANCE

The board is committed to the highest standards of corporate governance. We accept the challenge to seek excellence by constantly comparing ourselves against international best practices, throughout the group.

Oklahoma
6 piece bedroom suite

CORPORATE GOVERNANCE REPORT

The group endorses the King Code of Corporate Governance Principles for South Africa, 2009 (King III) and has strived towards absolute compliance therewith as further set out herein, which the board believes it has essentially achieved throughout the financial year. A table, available on our website W www.nictuslimited.co.za, records the respects in which the Nictus group applies the principles of King III. We account therefor in accordance with International Financial Reporting Standards (IFRS) and do so in the format of integrated reporting, whilst an absolute compliance to the Companies Act of South Africa and the JSE Listings Requirements is enshrined in our business model.

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, fairness, 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 and acting within the ambit of the code of conduct. The ethical approach is further established with the appointment of its balanced spread of independent non-executives, pursuing the achievement of sustainable economic, social and environmental performance in a corporate responsible manner. The board has appointed a social and ethics committee (SEC) which provides guidance on its corporate social responsibility and ensures that the company is seen to be a responsible corporate citizen. The board, with the assistance of management and the SEC, requires all employees to sign the code of conduct as an undertaking to conform thereto, thereby creating the awareness amongst employees of the company's ethical compliance requirements. The SEC conducts surveys amongst stakeholders to remain informed about the level of ethics that the company maintains. 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 with the appropriate succession.

With the assistance of the company secretary, a function outsourced to Veritas Board of Executors Proprietary Limited (Veritas), and the financial director, the board gathers its own insights into the corporate governance of the group and utilises these insights, together with reports received, to effectively oversee 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 any conflicts of interest and to act in the best interest of the company at all times. Solvency, liquidity and cash balances are monitored on a daily basis and the going concern analysis of the company and group is executed by the audit and risk committee in accordance with the audit and risk committee charter. Solvency and liquidity tests are conducted in accordance with the Companies Act of South Africa. Business rescue or turnaround mechanisms would be considered by the board should the company or any of its subsidiaries become financially distressed.

The group managing director does not fulfil the role of chairman of the board. The chairman of the board is an independent non-executive director. The group managing director is appointed by the board and his mandate is detailed in the business plan, wherein the framework for the delegation of authority is also contained. The majority of board members are non-executive directors with a healthy balance of independent non-executive directors. The directors boast a spread of skills and a wealth of experience. The company supports the principles and aims of appropriate gender diversity and has consequently adopted a policy on the promotion of gender diversity at board level during the year under review. King III requires that the board considers the independence of independent non-executive directors who have served on the board for more than nine years. None of the independent non-executive directors have been serving on the board long enough for their independence to have become compromised due to length of service.

The appointment of directors is a formal process which is overseen by the remuneration and nomination committee. Abridged directors' CVs for rotating and/or newly nominated directors are included in the integrated annual report. The induction process is managed by the group managing director and the company secretary and directors are exposed to various development programmes. Nictus is committed to appoint suitably qualified and experienced directors. Evaluations of the board, its audit and risk committee and individual directors are conducted internally 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. 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. The committees are sufficiently represented by independent non-executive directors. The group managing director and financial director attend the committee meetings ex officio. Furthermore, Veritas, a competent, suitably qualified and experienced company secretary, has been appointed by the board. The ability of Veritas, its board and employees, to perform its company secretarial duties and its performance is assessed annually by the board, taking into account a set of pre-agreed deliverables. Veritas boasts decades of experience. Care is taken to monitor the arm's-length relationship with the board and written agreements are in place to govern the relationship between the parties. A governance framework exists between the group and its subsidiary boards, whilst the group enjoys a healthy representation on subsidiary boards.

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 remuneration paid to directors and certain senior executives is disclosed in the remuneration report included in the integrated annual report. The company's remuneration policy is contained in the integrated annual report and tabled for shareholders' approval at the annual general meeting.

The composition of the board, its committees and attendance at meetings is summarised in the following table:

Name	Status	Board	Audit and risk committee	Remuneration committee	Social and ethics committee	Investment committee
Barend J Willemse	Independent non-executive chairman	4/4	√ 4/4	√ 2/2		√ C 7/7
John D Mandy	Independent non-executive	4/4	√ C 4/4	√ 2/2		
Gerard Swart	Independent non-executive	4/4	√ 4/4	√ C 2/2		
Nicolaas C Tromp	Non-executive	4/4	B 1/4		B 2/2	√ 7/7
Eckhart H Prozesky	Executive (Financial)	4/4	B 4/4			√ 6/7
Gerard R de V Tromp	Executive (Managing)	4/4	B 4/4	B 2/2	√ 2/2	√ 6/7
Philippus J de W Tromp	Non-executive	3/4	B 2/4		√ C 2/2	

√ indicates board committee membership
C indicates board committee chairman
B indicates attendance by invitation.

The figures in each column indicate the number of meetings attended out of the maximum possible number of meetings for the respective director.

CORPORATE GOVERNANCE REPORT continued

Audit and risk committee

Nictus has an effective and independent audit and risk committee, constituted by a charter approved by the board. It meets at least bi-annually to fulfil its duties. The performance of the audit and risk committee is periodically assessed and reviewed by the board. It is chaired by an independent non-executive director and comprises two other suitably skilled, experienced independent non-executive directors. The members and chairman of the audit and risk committee are elected by the shareholders at the annual general meeting. The managing director, financial director, internal auditors and the external auditors attend the meetings by invitation.

The audit and risk 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 and risk committee. A review of the finance function is conducted by the audit and risk committee annually in terms of resources, expertise and experience. The audit and risk committee reviews the system of internal control and maintains effective working relationships with the board, management, internal and external audit.

The audit and risk 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 audit's coverage plan is risk-based and is approved by the audit and risk committee annually. The internal audit function forms an important part of the risk management process.

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 is allowed to take on risk-inclined projects. The audit and risk committee provides oversight of Nictus' risk management activities.

The board has delegated the responsibility to design, implement and monitor Nictus' risk management plan to executive management, with oversight by the audit and risk committee. Management performs risk assessments on an ongoing basis and provides regular feedback to the audit and risk committee and the board. The wealth of experience and expertise of the audit and risk committee and executive management increases the probability of anticipating unpredictable risks.

Renoir chaise

Nictus' risk methodology includes the consideration and implementation of appropriate risk responses to identified risks, based on the strategic objectives of the group. The effective monitoring of risk 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 executive management and audit and risk committee, which oversee the risk management process at Nictus.

Assurance regarding the effectiveness of the risk management process is provided by management, the audit and risk committee and the board.

The relevant risks for the group are disclosed to stakeholders in the integrated annual report.

The audit and risk committee further oversees the external audit activities, including the appointment of, the assessment of required qualifications, independence, audit approach, reporting and performance evaluation of the auditors.

The audit and risk committee reports to the board as well as to the shareholders on how it has discharged its duties and its report to stakeholders is included in the integrated annual report.

Information technology (IT) governance

The board is responsible for IT governance. The group's IT consultants and internal audit provide regular feedback, through the financial director, to executive management, the audit and risk committee and board on IT governance matters. Executive management establishes, implements and monitors IT governance-related matters. Nictus promotes an ethical IT governance culture and a common IT language. IT is aligned with the performance and sustainability objectives of the company 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 consultants, who advise on the most appropriate technological solutions for the group. Recommendations are made by executive management to the executive committee or board, at which levels decisions are taken.

Post-implementation audits are conducted on large IT projects. The financial director, on behalf of the group executive management, reports to the audit and risk committee and board on the value delivered by IT investment. Multi-segmental representation on the executive management committee ensures 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 consultants, through the financial director, to the audit and risk 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 audit and risk committee, which assists the board in risk management, has oversight of IT risks, IT controls and related combined assurance. This includes financial reporting matters.

CORPORATE GOVERNANCE REPORT continued

Compliance with laws, rules, codes and standards

Nictus has a compliance culture with a legal compliance programme which supports efforts to identify and comply with applicable laws and regulations. Compliance also forms part of Nictus' code of conduct. The board and audit and risk committee are regularly briefed on new laws and regulations by the company secretary and JSE sponsors. The board and individual directors are made aware of new regulations or changes that affect the group. A compliance function has been established and the risk of non-compliance forms part of the risk management process. Material aspects of non-compliance would be disclosed in the integrated annual report if applicable. The company secretary acts as legal compliance officer, whilst certain compliance functions in the insurance segment are outsourced to independent, suitably experienced and qualified service providers.

Internal audit

Nictus has an effective risk-based internal audit function, with a charter approved by the audit and risk committee and board. Internal audit focuses on governance, risk management, the system of internal controls, follows a systematic approach and investigates and reports on control deficiencies, fraud, corruption, unethical behaviour and irregularities.

Internal audit is independent and objective and its audit plan is based on the strategy and risks of the group. Internal audit provides a written assessment of the effectiveness of the group's system of internal controls, including an assessment of the financial controls, to the audit and risk 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 and risk committee oversees the internal audit activity, including review and approval of the internal audit plan, evaluation of internal audit performance and review of reports submitted by internal audit to the audit and risk committee. The audit and risk 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 and risk 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 and risk 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 annual report of the group reflects the interests of the group's stakeholders and key actions to maintain positive perceptions about the company and its activities. The board considers, on an ongoing 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. Stakeholder policies as well as information on the group's dealings with stakeholders are included in the integrated annual report. Nictus strives to achieve an appropriate balance between various stakeholder groups' interests and expectations in taking decisions in the best interest of the group 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 and risk committee and executive management, has established controls and processes to independently gather, review and report adequate information regarding the company's financial and sustainable performance and the integrity of the integrated annual report.

Board committees

The board has established committees to assist it to fulfil its duties. The committees are all constituted by charters, which were in turn approved by the board. The board committees are as follows:

Audit and risk committee

The audit and risk committee consists of three independent non-executive directors and discharges its duties as set out, *inter alia*, in the audit and risk committee charter and the Companies Act of South Africa.

The audit and risk committee also assumes the risk management function of the group. An extensive risk-identifying procedure is followed, with input from all operational subsidiaries, to identify business-threatening risks. The committee meets at least bi-annually.

The internal and external auditors attend the meetings by invitation and have unrestricted access to the chairman and members of the audit and risk committee.

Remuneration committee

The remuneration committee consists of three independent non-executive directors and is responsible for determining just and equitable remuneration policies for the group and making related recommendations to the board. The remuneration committee also assumes the function of a nomination committee. The committee meets bi-annually.

Social and ethics committee

The social and ethics committee (SEC) is chaired by a non-executive director and comprises other directors, as appointed by the board. The committee meets bi-annually. The SEC oversees the group's social development and ethics management, good corporate citizenship, sustainability strategies and preferred employer policies.

Executive committee

The executive committee comprises the chairman of the board, the group managing director and the group financial director. The committee meets as required and aims to strategically engage management to promote and facilitate high-level, fast decision making.

Investment committee

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. The investment committee is chaired by the chairman of the group and further consists of the group managing director, the group financial director and another non-executive director. The managing executives of the insurance and finance segment of the group have an *ex-officio* seat on the committee, which meets at least bi-monthly.

REMUNERATION REPORT

Remuneration committee

The details pertaining to the composition and operation of the remuneration committee are set out in the corporate governance report.

Remuneration policy

The group's remuneration policy incorporates the recommendations of King III. It aims to appeal to and retain those individuals that will support and contribute towards achieving the group's desired results and strategy.

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

Remuneration should:

- Contribute towards appealing to and retaining motivated and loyal employees;
- 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 employees.

Structure 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 targets and sustainable profits attributable to shareholders.

- Long-term incentive remuneration is offered to retain employees and meet performance levels over a number of years; and
- Short-term incentive remuneration is offered to meet performance levels during the year in terms of guidelines determined by the board.

Remuneration packages are reviewed and benchmarked against independent comparable market data in order to also recognise a differentiation between high, average and under performers. Evaluations of remuneration packages are 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 and agreed targets set for each director and member of senior management in each specific segment in order to achieve the group's targets.

Share incentive scheme

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

At 31 March 2017 no share options were allotted to employees or directors.

Vesting of share options

The options granted vest after stipulated periods of time and are exercisable over a ten-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

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

Executive service contracts

Executive directors have service agreements with notice periods of 30 days. The retirement age is set at 60 years, whilst directors may negotiate further terms past the age of 60 on an individual basis. No contractual entitlements on termination of employment exist but compliance to the relevant Labour Acts is ensured.

Succession planning

The executive committee continuously reviews the succession planning throughout the group and is informed of senior level requirements. The objective is to ensure that continuity is provided to develop a pool of individuals with potential and to cater for development and future placement. The ongoing restructuring of the group in terms of top management bears testimony to the commitment of the group in its pursuit of realising its ideal future.

Board evaluation process

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

REMUNERATION REPORT continued

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 Companies Act of South Africa, King III and the Memorandum of Incorporation of the company. The board and each of its committees have charters which set out the responsibilities of the board and the respective committees.

Non-executive directors are expected to provide leadership, expertise and knowledge on strategy and business, contribute to the planning process of the group and ultimately assume the role as custodians of the governance process. Non-executive directors receive market-related remuneration.

Non-executive directors are remunerated for their services on the basis of their related fiduciary duties and attendance at board and committee meetings.

No contractual arrangements for compensation for loss of office exist, nor do non-executive directors receive any incentives or participate in any of the group's incentive schemes. Annual fees payable to non-executive directors for the period between the annual general meetings to be held on 17 August 2017 and August 2018 respectively are to be approved by the shareholders on 17 August 2017. Fees for the period commencing on the aforesaid date were recommended by the directors after having been considered by the remuneration committee.

In view of the levels of responsibility being placed on directors and benchmarks for comparable companies, the fees for non-executive directors, as set out below, have been established.

In terms of the company's Memorandum of Incorporation one-third of the non-executive directors shall retire in rotation annually and being eligible, offer themselves for re-election at the annual general meeting.

	From 17 August 2017
Chairman's remuneration	R670 000 per year (inclusive of all committee remuneration)
Committee chairman	
Audit and risk committee	R408 000 per year (inclusive of all committee and board fees)
Remuneration and nominations and social and ethics committees	R476 000 per year (inclusive of all committee and board fees)
Committee membership	
Audit and risk committee	R42 500 per meeting
Remuneration and nominations committees	R42 500 per meeting
Social and ethics committee	R42 500 per meeting

Independent non-executive directors are paid an amount of R42 500 per day per meeting in respect of special meetings. They are also paid a pro rata amount per hour for additional work undertaken.

Non-executive directors who are not independent are paid an amount of R16 582 per day per meeting and an additional R9 949 for chairing such meeting.

The detailed remuneration paid to directors for the 2016/2017 financial year is set out in note 29 of the financial statements.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Foreword by the chairman

The Nictus group of companies is known for its value-driven culture and commitment to long-term sustainability. It has always been committed to its stakeholder relations and promotes equal opportunities in all the sectors we operate in. Looking back at the 2017 financial year I am satisfied with the achievements reached and effort that has been delivered in this regard.

Activities

The group was involved in various activities during the year under review. These activities included:

- Reviewed the personnel surveys that were conducted; and
- Reaffirmed the stakeholder relations.

The group was involved in various programmes contributing funds that enhanced:

- Community relations and upliftment;
- Education;
- Sports development; and
- Social development.

Conclusion

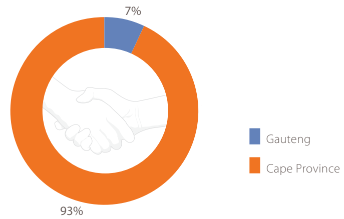
The findings of the committee were that the group adhered to good corporate governance and social and ethics principles as set out in the charter. It maintained balance between its financial performance on the one hand and its social, economic, governance, employment and environmental responsibilities on the other.

The activities outlined in this report reflect the group's initiatives in relation to its responsibility to the societies and environments in which it operates, while remaining accountable and committed to shareholders in terms of financial performance.

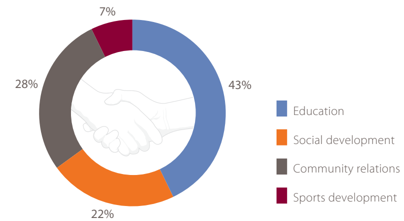
PJ de W Tromp
Chairman

Involvement 2017

Overall (%)



Community involvement development area (%)



CS Schmal Oak shoe cabinet

GROUP ANNUAL FINANCIAL STATEMENTS AND ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

We are geared to carry forward our momentum to ensure growth and profits.

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

The financial statements of Nictus Limited as published on 30 June 2017 have been audited in compliance with section 30 of the Companies Act of South Africa.

Eckhart H Prozesky (financial director, CA(SA)) was responsible for supervising the preparation of these financial statements.

Registration number: RSA 81/011858/06
Registration number: NAM 787/11858
Primary listing: JSE

DIRECTORS' RESPONSIBILITIES AND APPROVAL

Directors' responsibility statement

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

The financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa 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 company 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 policies and 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 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's and company's cash flow forecasts for the year ending 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the group and company have 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 going concerns and there is no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group financial statements and financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the group annual financial statements and annual financial statements

The group annual financial statements and annual financial statements of Nictus Limited, which have been prepared on the going concern basis, were approved by the board on 20 June 2017 and were signed by:

Gerard R de V Tromp	Barend J Willemse
Authorised director	*Authorised director*
Group managing director	*Chairman*

20 June 2017

REPORT OF THE AUDIT AND RISK COMMITTEE

At the 2016 AGM of Nictus Limited, the members and chairman of the group audit and risk committee were re-elected, in compliance with the requirements of the Companies Act of South Africa. The Nictus Limited group audit and risk committee continues to fulfil the function of the audit and risk committee requirement in respect of Corporate Guarantee (South Africa) Limited, its wholly owned subsidiary in terms of the Insurance Act and dispensation granted by the Financial Services Board.

The group audit and risk committee operates in terms of an approved charter and its three elected members, including the chairman of the board, are all independent non-executive directors.

The audit and risk committee, including the oversight of risk management, is chaired by another independent non-executive director; all its members are financially literate and bring business and financial acumen to the committee.

The group managing director, the group financial director and representatives of the external auditors and internal audit are invited to attend the audit and risk committee meetings.

The committee met four times during the year and has proposed to reduce the frequency to a minimum of two for the next year. The committee's charter requires it to review the charter annually and to measure its effectiveness.

The audit and risk committee's continuing key objectives and responsibilities are to:

- Determine whether management has created and maintains an effective control environment and that they demonstrate and stimulate the necessary respect for the internal control structure amongst all parties;
- Review the scope and outcome of external and internal audits. The review is to include an assessment of the efficiency of the audit function, ensuring that emphasis is placed in areas where the committee, management and auditors believe special attention is necessary;
- Ensure that the board of directors makes informed decisions and is aware of the implications of such decisions regarding accounting policies, practices and disclosures;
- Provide a safeguard of directors' liabilities by informing the board of directors on issues of importance to the business and the status of the financial reporting;
- Review and recommend to the board for approval the company's annual and interim reports;
- Assist the board of directors in its evaluation of the adequacy and effectiveness of the risk management system;
- Assist the board of directors in the identification of the build-up and concentration of the various risks to which the insurer is exposed;
- Assist the board of directors in identifying and regularly monitoring all material risks to ensure that its decision-making capability and accuracy of its reporting is adequately maintained;
- Facilitate and promote communication, through reporting structures, regarding the adequacy and effectiveness of the risk management system or any other related matter, between the board of directors and managing executives;
- Introduce such measures as may serve to enhance the adequacy and effectiveness of the risk management system; and
- Coordinate the monitoring of risk management on an enterprise-wide and individual business unit basis.

The audit and risk committee does not only rely on the internal control processes but receives and regularly reviews the findings of both the internal and external auditors covering:

- System of internal control;
- Compliance with relevant laws and regulations; and
- The credibility, independence and objectivity of the external auditor.

The audit and risk committee also reviews changes in legislation to ensure compliance by companies in the group. The audit and risk committee reports its findings to the board of directors which thereafter has the responsibility to ensure compliance with the legislation.

The audit and risk committee has adopted a policy of limiting the consulting non-audit work undertaken by the external auditors. Prior approval of any consulting work in excess of R250 000 is required.

The external auditors have unrestricted access to the audit and risk committee members.

The audit and risk committee is satisfied that:

- It has complied with the responsibilities set out in the audit and risk committee charter, as well as the relevant legal and regulatory responsibilities based on the information and explanations given by management and discussions with the external auditors regarding the results of their audit;
- The financial director has the necessary training, expertise and experience;
- The board is aware of the implications and actions required to apply and explain the principles of King IV in the next financial year;
- There was no material breakdown in the internal financial controls that was noted or reported during the financial year under review; and
- The external auditors are considered to be independent of the company/group and are thereby able to conduct their audit functions without any influence from the company/group.

John D Mandy
Chairman audit and risk committee

20 June 2017

CERTIFICATE OF THE COMPANY SECRETARY

In our opinion as company secretary, we hereby confirm, in terms of the Companies Act of South Africa, that for the year ended 31 March 2017, the company has lodged with the Commissioner of the Companies and Intellectual Property, all such returns and notices as are required of a public company in terms of this Act and that all such returns and notices are true, correct and up to date.

Veritas Board of Executors Proprietary Limited
Company secretary

1st Floor, Nictus Building, Corner of Pretoria and Dover Street, Randburg, South Africa

20 June 2017

DIRECTORS' REPORT

to the shareholdes of Nictus Limited

Your directors have pleasure in reporting on the activities and financial results of the group for the year ended 31 March 2017.

Review of subsidiaries

Details of subsidiaries are dealt with in note 5 of the consolidated financial statements.

	2017 R'000	2016 R'000
The interest of the company in the aggregate net profit after tax of subsidiaries is:		
Profit after taxation	971	4 447

The subsidiaries of the company are mainly involved in furniture retail, immovable properties, short-term insurance and financing in South Africa.

Financial results

For the year under review the group's profit from operations before taxation amounted to R7,069 million compared to a profit of R9,299 million in the previous year. The company's profit before taxation for the year was R7,537 million compared to a profit of R5,590 million in the previous year.

Segmental analysis

A detailed segmental analysis is included in note 38 of the consolidated financial statements.

Directors

Director	Date of initial appointment	Date of re-election
Executive		
GR de V Tromp *(Managing director)*	18 November 2014	
HE Prozesky *(Financial director)*	1 March 2015	
Non-executive		
PJ de W Tromp	1 April 2012	20 August 2015
NC Tromp	27 April 1979	18 August 2016
Independent non-executive and members of the audit and risk committee		
BJ Willemse *(Chairman)*	15 June 2010	18 August 2016
JD Mandy	12 March 2013	20 August 2015
Gerard Swart	15 October 2013	

Shareholding at 31 March 2017

	Number of shareholders	%	Number of shares	%
Ordinary shares				
Composition of shareholders				
Non-public shareholders	10	1,56	54 726 940	82,58
Directors and associates	10	1,56	54 726 940	82,58
Public shareholders	630	98,44	11 543 000	17,42
	640	100,00	66 269 940	100,00

Distribution of shareholders	Number of shareholders	%	Number of shares	%
Ordinary shares				
Banks/brokers	3	0,47	283	0,00
Close corporations	3	0,47	20 003	0,03
Individuals	571	89,22	6 461 046	9,75
Insurance companies	3	0,47	46 627	0,07
Nominees and trusts	26	4,06	7 316 524	11,04
Other corporations	7	1,09	160 774	0,24
Private companies	24	3,75	39 006 991	58,86
Public companies	3	0,47	13 257 692	20,01
	640	100,00	66 269 940	100,00

Shareholders with an interest above 5% in ordinary shares	Number of shares	%
NC Tromp *(Director)*	31 921 195	48,17
GR de V Tromp *(Director)*	5 722 406	8,63
PJ de W Tromp *(Director)*	4 070 109	6,14
Nictus Holdings Limited	12 826 440	19,35

Interest of directors, including their families, in ordinary shares	Number of shares 2017	2016
Indirect interests		
Beneficial		
NC Tromp	31 921 195	32 123 070
BJ Willemse	33 665	33 665
GR de V Tromp	5 790 951	5 790 951
PJ de W Tromp	4 138 654	4 138 654
HE Prozesky	153 125	53 125
	42 037 590	42 139 465

There have been no changes in directors' interests between the financial year end and the date of approval of the financial statements.

DIRECTORS' REPORT continued

Analysis of executive directors' share options as at 31 March 2017

There were no outstanding share options at year end held by the directors in the current or prior financial year.

Stated capital

There were no changes in stated capital during the year.

The 183 730 060 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 Limited.

Dividends

Final dividend

The board has declared a final dividend of 3,00 cents per Nictus ordinary share (2016: 3,00 cents) for the year ended 31 March 2017, to all ordinary shareholders recorded in the books of Nictus at the close of business on Friday, 21 July 2017, which will be paid on Monday, 24 July 2017.

The cash dividend timetable is structured as follows:

- Declaration date is Thursday, 30 June 2017;
- The last day to trade cum dividend in order to participate in the dividend is Tuesday, 18 July 2017;
- The shares commence trading ex-dividend from the commencement of business on Wednesday, 19 July 2017;
- The record date is Friday, 21 July 2017; and
- The dividend is to be paid on Monday, 24 July 2017.

Share certificates will not able to be rematerialised or dematerialised between Wednesday, 19 July 2017 and Friday, 21 July 2017, both days inclusive.

Events after reporting date

The directors are not aware of any matter or circumstances arising since the end of the financial year and up to the date of this report, that requires disclosure.

Secretary

Veritas Board of Executors Proprietary Limited
Corner of Pretoria and Dover Street, Randburg
PO Box 2878, Randburg 2125

Registered offices

Republic of South Africa
Nictus Limited
Corner of Pretoria and Dover Street, Randburg
PO Box 2878, Randburg 2125

Namibia
Nictus Limited
Nictus Building, 1st floor
140 Mandume Ndemufayo Avenue
Windhoek
Private Bag 13231, Windhoek

20 June 2017

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Nictus Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Nictus Limited (the group and company) set out on P 50 to 119, which comprise the statements of financial position at 31 March 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, significant accounting policies and notes to the financial statements.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Nictus Limited at 31 March 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). 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, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Balmoral dining table
with Hilton chairs

INDEPENDENT AUDITOR'S REPORT continued

Valuation of land and buildings – R16 146 000

Refer to accounting policy 1.1 and 1.3 and note 3 to the financial statements.

The key audit matter	How we addressed the matter in our audit
As disclosed in note 3 to the consolidated financial statements, land and buildings amounting to R16,1 million, carried at revalued amounts, represents 92% of property, plant and equipment of the group at 31 March 2017. The fair value is based on valuations performed by the directors using a combination of the income capitalisation method and the depreciated replacement cost method. The directors also engaged an independent qualified external valuer (the Valuer) to perform a valuation in the current year in order to confirm the fair value as determined by the directors. Given the significant judgement that is required in determining the fair value of land and buildings, this was considered as a key audit matter in our audit of the consolidated financial statements.	Our procedures in relation to the valuation of the land and buildings included: • Obtaining the valuation models prepared by the directors to determine the fair value of land and buildings at 31 March 2017 and gained an understanding of the valuation models used, significant assumptions applied and the critical judgement areas to assess if the valuation methods are consistent with relevant accounting requirements and industry norms; • Obtaining the valuation prepared by the Valuer and assessed whether the assumptions and judgements applied by the Valuer supported the assumptions applied by the directors in their fair value assessment; • Evaluating the competence, independence and objectivity of the Valuer; and • Evaluating the appropriateness of the assumptions and judgements applied by the directors and the Valuer, in particular the valuation methods and the capitalisation and rental rates based on our knowledge of the property market in Randburg, Johannesburg and by comparing the market rentals against market data and entity specific information, particularly rental income, vacancies, capital expenditure incurred and the size of the property.

Impairment of trade receivables – Impairment allowance R3 258 000

Refer to accounting policy 1.10 and note 11 to the financial statements.

The key audit matter	How we addressed the matter in our audit
Low economic growth, high inflationary pressures and increased interest rates have had a negative impact on consumer spending and these economic conditions have increased the risk of trade receivables defaulting on payment terms, particularly within the furniture retail segment. Trade receivables represent a significant balance on the statement of financial position. As detailed in note 11, the impairment allowance amounted to R3 258 000 at year end. Due to the level of judgement involved in assessing the recoverability of the trade receivables, the impairment of trade receivables was considered to be a key audit matter in our audit of the consolidated financial statements.	Our audit procedures with regard to the impairment assessment of trade receivables included, amongst others: • Agreeing a sample of outstanding instalment repayments due at year end to cash received from trade receivables subsequent to year end; • Re-performing the ageing of the trade receivables to verify the accuracy of the ageing which is used as a basis for identifying overdue trade receivables; • Assessing the reasonableness of the assumptions used by management in determining the impairment allowance against trade receivables by predicting our own impairment allowance based on long outstanding and customers handed over for collection and comparing our impairment assessment to that calculated by management.

INDEPENDENT AUDITOR'S REPORT continued

Impairment of investment in Nictus Meubels Proprietary Limited – Impairment allowance R18 377 000

Refer to accounting policy 1.2 and 1.10 and note 5 to the financial statements.

The key audit matter	How we addressed the matter in our audit
Investments in subsidiary companies are stated at historical cost less accumulated impairment allowances in the separate financial statements. The carrying value of the investments in subsidiary companies are reviewed at each reporting date to determine whether indicators of impairment exist. An impairment loss is recognised if the carrying value of an investment in a subsidiary exceeds its recoverable amount. As disclosed in note 5 to the separate financial statements, impairments of R18,4 million have been recognised in respect of the investment in Nictus Meubels Proprietary Limited ("Nictus Meubels") due to historic and current trading losses incurred by the subsidiary. The impairment loss recognised in the current year in respect of Nictus Meubels was R1 million. Given the judgement that is required in determining the recoverable amount of the investment in Nictus Meubels, the impairment of the investment was considered as a key audit matter in our audit of the separate financial statements.	Our procedures in relation to the impairment of the investment in Nictus Meubels included: • Obtaining the impairment assessment prepared by the directors in respect of Nictus Meubels at 31 March 2017 and gaining an understanding of the methodology applied to determine the recoverable amount in respect of the investment and evaluated the appropriateness of significant assumptions applied and the critical judgement areas in assessing the impairment loss recognised; • Comparing the carrying value of the investment in Nictus Meubels to the net asset value of Nictus Meubels and considered any contradictory evidence that came to our attention during our audit of both the consolidated and separate financial statements that may have had an impact on the impairment allowance recognised in respect of the investment in Nictus Meubels.

Other information

The directors are responsible for the other information. The other information comprises the Report of the audit and risk committee, Certificate of the company secretary and the Directors' report as required by the Companies Act of South Africa, the Directors' responsibilities and approval and the Integrated Annual Report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and 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 group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 ISAs 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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;

INDEPENDENT AUDITOR'S REPORT continued

- 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 group's and 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 group's and 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 consolidated and separate 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 group and/or the company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Nictus Limited for 26 years.

KPMG Inc.
Registered Auditors

J Wessels
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road, Parktown, Johannesburg

20 June 2017

STATEMENTS OF FINANCIAL POSITION

at 31 March 2017

Figures in R'000	Note(s)	Group 2017	Group 2016	Company 2017	Company 2016
Assets					
Non-current assets					
Property, plant and equipment	3	**17 629**	17 230	**–**	–
Intangible assets	4	**101**	355	**77**	172
Investments in subsidiaries	5	**–**	–	**77 259**	78 510
Investments	6	**22 062**	39 841	**–**	–
Deferred tax assets	7	**1 424**	1 145	**–**	1 136
Loans and receivables	8	**3 668**	4 768	**–**	–
		44 884	63 339	**77 336**	79 818
Current assets					
Inventories	9	**11 284**	11 185	**6**	7
Loans to group companies	10	**–**	–	**1 268**	1 147
Loans and receivables	8	**44 766**	46 468	**40 591**	42 293
Trade and other receivables	11	**335 484**	254 464	**6 014**	2 188
Investments	6	**100 766**	22 988	**–**	–
Cash and cash equivalents	12	**57 603**	118 112	**451**	353
		549 903	453 217	**48 330**	45 988
Total assets		**594 787**	516 556	**125 666**	125 806
Equity and liabilities					
Equity					
Stated capital	13	**48 668**	48 668	**48 668**	48 668
Revaluation reserve	14	**7 983**	7 983	**–**	–
Retained earnings		**42 652**	37 749	**21 594**	18 313
		99 303	94 400	**70 262**	66 981
Liabilities					
Non-current liabilities					
Loans from group companies	10	**–**	–	**–**	10 000
Deferred tax liabilities	7	**2 398**	2 602	**1 132**	–
		2 398	2 602	**1 132**	10 000
Current liabilities					
Loans from group companies	10	**–**	–	**50 532**	47 087
Trade and other payables	16	**10 837**	7 610	**3 740**	1 738
Insurance contract liability	17	**482 180**	411 944	**–**	–
Current tax payable	26	**69**	–	**–**	–
		493 086	419 554	**54 272**	48 825
Total liabilities		**495 484**	422 156	**55 404**	58 825
Total equity and liabilities		**594 787**	516 556	**125 666**	125 806

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2017

Figures in R'000	Note(s)	Group 2017	Group 2016	Company 2017	Company 2016
Revenue	18	**44 651**	51 062	**23 588**	17 624
Cost of sales		**(21 628)**	(20 621)	**–**	–
Gross profit		**23 023**	30 441	**23 588**	17 624
Other income	19	**2 117**	4 062	**5 870**	–
Investment income from operations	21	**37 884**	30 699	**–**	–
Operating expenses		**(43 991)**	(40 626)	**(13 631)**	(2 690)
Administrative expenses		**(16 805)**	(19 146)	**(7 913)**	(8 635)
Results from operating activities	20	**2 228**	5 430	**7 914**	6 299
Investment income	21	**4 841**	3 869	**4 330**	3 399
Finance expenses	22	**–**	–	**(4 707)**	(4 108)
Profit before taxation		**7 069**	9 299	**7 537**	5 590
Taxation expense	23	**(178)**	(1 312)	**(2 268)**	(1 144)
Profit for the year		**6 891**	7 987	**5 269**	4 446
Other comprehensive income:					
Items that will never be reclassified to profit or loss					
Tax related to property valuation – capital gains tax rate change		**–**	(187)	**–**	–
Total comprehensive income for the year		**6 891**	7 800	**5 269**	4 446
Profit attributable to:					
Owners of the parent		**6 891**	7 987	**5 269**	4 446
		6 891	7 987	**5 269**	4 446
Total comprehensive income attributable to:					
Owners of the parent		**6 891**	7 800	**5 269**	4 446
		6 891	7 800	**5 269**	4 446
Basic earnings per share (cents)	37	**10,40**	12,05		
Diluted basic earnings per share (cents)	37	**10,40**	12,05		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2017

Figures in R'000	Stated capital	Re-valuation reserve	Retained earnings	Total equity
Group				
Balance at 1 April 2015	48 668	8 170	31 577	88 415
Total comprehensive income for the year				
Profit for the year	–	–	7 987	7 987
Other comprehensive income				
Deferred tax on property revaluations				
– capital gains tax rate change	–	(187)	–	(187)
Total comprehensive income for the year	–	(187)	7 987	7 800
Transactions with the owners of the company				
Distributions to the owners of the company				
Dividends paid	–	–	(1 988)	(1 988)
Prescribed dividends	–	–	173	173
Total transactions with the owners of the company	–	–	(1 815)	(1 815)
Balance at 31 March 2016	48 668	7 983	37 749	94 400
Total comprehensive income for the year				
Profit for the year	**–**	**–**	**6 891**	**6 891**
Total comprehensive income for the year	**–**	**–**	**6 891**	**6 891**
Transactions with the owners of the company				
Distributions to the owners of the company				
Dividends paid	**–**	**–**	**(1 988)**	**(1 988)**
Total transactions with the owners of the company	**–**	**–**	**(1 988)**	**(1 988)**
Balance at 31 March 2017	**48 668**	**7 983**	**42 652**	**99 303**
Note(s)	13	14		

Figures in R'000	Stated capital	Retained earnings	Total equity
Company			
Balance at 1 April 2015	48 668	15 682	64 350
Total comprehensive income for the year			
Profit for the year	–	4 446	4 446
Total comprehensive income for the year	–	4 446	4 446
Transactions with the owners of the company			
Distributions to the owners of the company			
Dividends paid	–	(1 988)	(1 988)
Prescribed dividends	–	173	173
Total transactions with the owners of the company	–	(1 815)	(1 815)
Balance at 31 March 2016	48 668	18 313	66 981
Total comprehensive income for the year			
Profit for the year	**–**	**5 269**	**5 269**
Total comprehensive income for the year	**–**	**5 269**	**5 269**
Transactions with the owners of the company			
Distributions to the owners of the company			
Dividends paid	**–**	**(1 988)**	**(1 988)**
Total transactions with the owners of the company	**–**	**(1 988)**	**(1 988)**
Balance at 31 March 2017	**48 668**	**21 594**	**70 262**
Note(s)	13		

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2017

		Group		Company	
Figures in R'000	Note(s)	2017	2016	2017	2016
Cash flows from operating activities					
Cash (utilised by)/generated from operations	25	(41 680)	(75 909)	5 310	3 544
Investment income received from operations		36 728	29 264	–	–
Dividends received		1 156	1 435	1 920	–
Dividends paid		(1 988)	(1 988)	(1 988)	(1 988)
Finance expenses paid		–	–	(4 707)	(4 108)
Tax paid	26	(592)	–	–	–
Net cash (utilised by)/generated from operating activities		(6 376)	(47 198)	535	(2 552)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(965)	(336)	–	–
Proceeds on sale of property, plant and equipment		115	104	–	–
Acquisition of intangible assets	4	–	(22)	–	(22)
Proceeds from disposal of investments		17 949	1 873	–	–
Investment income received		4 841	3 869	4 330	3 399
Short-term funds (invested)/disinvested		(77 778)	108 893	–	–
Loans advanced to group companies		–	–	(121)	(492)
Loans repaid by/(advanced to) related parties		1 702	(7 187)	1 702	(7 187)
Repayments to group companies		–	–	(12 074)	(90)
Loans advanced by group companies		–	–	5 519	5 593
Proceeds from share buy-back by subsidiary		–	–	200	–
Proceeds on disposal of subsidiary		7	–	7	–
Net cash (utilised by)/generated from investing activities		(54 129)	107 194	(437)	1 201
Total cash movement for the year		(60 505)	59 996	98	(1 351)
Total cash sold by subsidiary for the year		(4)	–	–	–
Cash and cash equivalents at the beginning of the year		118 112	58 116	353	1 704
Total cash and cash equivalents at the end of the year	12	57 603	118 112	451	353

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2017

1. Presentation of financial statements

Nictus Limited (the company) is a company incorporated and domiciled in the Republic of South Africa. The group financial statements as at and for the year ended 31 March 2017 comprise the company and its subsidiaries. Where reference is made to group it should be interpreted as group or company as the context requires.

The financial statements have been prepared in accordance with and in compliance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa. They were authorised for issue by the company's board of directors on 20 June 2017.

Basis of measurements

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

- Land and buildings are measured at revalued amounts; and
- Financial instruments classified at fair value through profit or loss are measured at fair value.

These accounting policies are consistent with those applied in the previous year.

1.1 Significant judgements and estimates

In preparing the financial statements in conformity with IFRSs, management is required to make estimates and assumptions that affect the application of accounting policies and the amounts represented in the financial statements and related disclosures. Use of available information, historical experience and various other factors that are believed to be reasonable in the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statement is included in the following notes:

Note 3 – Revaluation of land and buildings

Note 7 – Utilisation of tax losses

Note 8, 10 and 11 – Valuation of loans and receivables

Note 9 – Valuation of inventory

Note 17 – Insurance provisions and liabilities

Notes 5, 6, 31 and 32 – Valuation of investments and other financial instruments

Note 23 – Taxation.

Loans and receivables

The group assesses its loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recognised 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 a financial asset.

Indicators of impairment

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the group on terms that the group would not otherwise consider;

SIGNIFICANT ACCOUNTING POLICIES continued

for the year ended 31 March 2017

- Indications that a debtor will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers; or
- Observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets.

Allowance for slow moving, damaged and obsolete inventory

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

This determination requires significant judgement. In making this adjustment, the group evaluates the selling price and direct costs to sell, ageing of inventory and technological changes to assess the amount that is required to write down inventory to its net realisable value.

The write-down is included in profit or loss.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the group is the current closing price as reflected on the recognised exchange.

The group measures fair values using the following fair value hierarchy that reflects the significance of the inputs in making the measurements.

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

The carrying value less impairment allowance of short-term trade receivables and the carrying value of short-term payables are deemed 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.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of owner-occupied land and buildings. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 7 – Deferred tax (liability)/asset.

Taxation

Judgement is required in determining the accruals 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 future taxable profits will be available against which the deductible temporary differences and tax losses can be utilised. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Fair value adjustment of land and buildings

External, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the locations and category of properties being valued, value the group's property portfolio on an ad-hoc basis. The group's directors value the group's property portfolio on an annual basis. An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the locations and category of property being valued, also provides supporting information used in the directors' valuation process. The fair values are based on valuation models and other market information that take into consideration the estimated rental value and depreciated replacement value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation.

Insurance provisions and liabilities

The classification of insurance contracts is disclosed in detail in note 1.17.

1.2 Investment in subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Investments in subsidiary companies are stated at cost less accumulated impairment losses in the company's separate financial statements.

When the group loses control over the subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

1.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost/revalued amounts less accumulated depreciation and accumulated impairment losses. The cost of 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 company; and
- The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially that are directly attributable to the acquisition of an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or maintain it. If the replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other costs are recognised in profit or loss as an expense as incurred.

Land and buildings are carried at revalued amounts, determined from market-based evidence by appraisals undertaken by professional valuers on an ad-hoc basis and the group's directors' valuation on an annual basis, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Formal revaluations are performed annually by the directors such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

SIGNIFICANT ACCOUNTING POLICIES continued

for the year ended 31 March 2017

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 period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

On the subsequent sale or retirement of revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Subsequent costs

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such item when that cost is incurred and if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

Depreciation

Depreciation is recognised in profit or loss and is calculated on the depreciable amount on a straight-line basis over the estimated useful life of each major component of an item of property, plant and equipment. Items of property, plant and equipment are depreciated from the date they are installed and are ready for use. Land is not depreciated. The depreciation is recognised in profit or loss unless it is included in the carrying amount of another asset.

The depreciable amount is the difference between the cost of an item of property, plant and equipment and its residual value.

Residual value is the estimated amount that the group would currently obtain from disposal of the item of property, plant and equipment, after deducting the estimated costs of disposal, if the item of property, plant and equipment were already of age in the condition expected at the end of its useful life.

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

Item	Average useful life
Buildings	50 years
Motor vehicles	5 years
Leasehold improvements	Over lease term
Plant and machinery	3 to 20 years
Furniture and fittings	3 to 10 years
Generator equipment	15 years
Shop fittings	3 years

The depreciation method, residual value and the useful life of each item of property, plant and equipment are reviewed at each reporting date and adjusted if appropriate.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Earnings and diluted earnings per share

The group presents earnings per share (EPS) and diluted earnings per share data for its ordinary shares. 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 calculated by dividing profit or loss attributable to ordinary shareholders of the company, after the adjustment for the effects of all dilutive potential ordinary shares, by the weighted average number of ordinary shares outstanding during the period.

1.5 Intangible assets

Computer software

An intangible asset is recognised when:

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

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

Acquired computer software that is significant and unique to the business is capitalised as an intangible asset on the basis of the cost incurred to acquire and bring to use the specific software. Costs that are directly associated with the development and production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate allocation of relevant overheads.

Costs associated with maintaining computer software programs are capitalised as intangible assets only if they qualify for recognition. In all other cases these costs are recognised as an expense as incurred.

Computer software is amortised on a systematic basis over its estimated useful life from the date it becomes available for use.

The gain or loss arising from the derecognition of an intangible asset is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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.

1.6 Financial instruments

Derivatives

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

Non-derivative financial instruments

Initial recognition

Financial instruments are recognised when, and only when, the group becomes party to the contractual provisions of the particular instrument. Regular way purchases and sales of financial assets are accounted for at trade date i.e. the date that the group commits itself to purchase or sell the asset.

Derecognition

Financial assets are derecognised if the group's contractual rights to the cash flows arising from the financial asset have expired or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the group's obligations specified in the contract expire or are discharged or cancelled.

SIGNIFICANT ACCOUNTING POLICIES continued

for the year ended 31 March 2017

Initial measurement

Non-derivative financial instruments comprise loans and receivables, trade and other receivables, cash and cash equivalents, interest-bearing borrowings, trade and other payables and investments in equity and debt securities.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent measurement

Subsequent to initial recognition non-derivative financial instruments are measured as set out below.

Loans and receivables

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

Loans to group companies 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 carrying value and the fair value.

Trade and other receivables are classified as loans and receivables.

Short-term investments

Short-term investments consist of short-term deposits with an original maturity date of more than three months. Short-term investments are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and deposits with an original maturity date of less than three months. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement. Cash and cash equivalents are measured at amortised cost.

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 group companies 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 method. Trade and other payables that are of a short-term nature are not discounted due to the insignificance of the difference between the carrying value and the fair value.

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 manages such investments and makes 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 debt securities at the close of business on the reporting date.

Unit trusts consist of investments in listed companies and instruments on recognised stock exchanges.

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 either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.7 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 or receivable 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 following temporary differences are not provided for:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences relating to investments in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

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 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 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.

Dividend withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The company withholds dividends tax on behalf of its shareholders at a rate of 20% (15% before 22 February 2017) on dividends declared. Amounts withheld are not recognised as part of the company's tax charge, but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised as the gross amount with the related withholding tax recognised as part of the tax expense unless it is otherwise reimbursable, in which case it is recognised as an asset.

SIGNIFICANT ACCOUNTING POLICIES continued

for the year ended 31 March 2017

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Other leases are classified as operating leases and the leased assets are not recognised in the group's statement of financial position.

Operating leases – lessee

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

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

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

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in profit or loss in the period in which the related revenue is recognised. The amount of any write-down of inventories to their net realisable value and all losses of inventories are recognised as an expense in profit or loss in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as an increase in the amount of inventories and recognised as income in the period in which the reversal occurs.

Obsolete, damaged and slow moving inventory is identified on a continuous basis and written down to its net realisable value.

1.10 Impairment of assets

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed for impairment at each reporting date to determine whether there is any objective evidence that they are impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events that occurred after the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset.

Financial assets measured at amortised cost

The group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in the allowance account against loans and receivables. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is recognised in profit or loss.

Non-financial assets

The carrying amounts of the group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent that it reverses a previous revaluation on the same asset.

A cash-generating unit is a group of assets that are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is 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 share capital classified as equity are recognised as distributions within equity.

Preference share capital is 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.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those employee benefits other than termination benefits) that are expected to be settled wholly before 12 months after the reporting date are recognised in profit or loss 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 in profit or loss when there is a legal or constructive obligation to make such payments as a result of past performance.

SIGNIFICANT ACCOUNTING POLICIES continued

for the year ended 31 March 2017

Share-based payment transactions

The group has an employee share trust for the granting of non-transferable options to executives and senior employees. Shares in the group held by the employee share trust are treated as treasury shares and presented in the statement of financial position as a deduction from equity.

The fair value of share options is measured using the Black-Scholes-Merton model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted-average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. The impact, if any, of the revision of original estimates is recognised in profit or loss, with a corresponding adjustment to equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors, will ultimately vest.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as share dilution in the computation of diluted earnings per share.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

1.13 Revenue

The group's revenue comprises the following:

- Sale of goods;
- Rental income;
- Finance income on instalment sales; and
- Insurance premium income.

The company's revenue comprises the following:

- Management fee from subsidiaries;
- Dividend income from subsidiaries; and
- Interest income from subsidiaries.

Group

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, volume rebates and VAT. Revenue is recognised when:

- Persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer;
- Recovery of the consideration is probable;
- The associated costs and possible return of goods can be estimated reliably;
- There is no continuing management involvement with the goods; and
- The amount of revenue can be measured reliably.

If it is probable that discounts will be granted; and the amount can be measured reliably, then the discount is recognised as a reduction of revenue when the sales are recognised.

Rental income

Some properties in the group comprise a portion held to earn rental income and another portion 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 is recognised in profit or loss on a straight-line basis over the term of the lease.

Finance income on instalment sales

Finance income comprises interest on instalment debtors arising from credit sales. 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 instalment sales agreement.

Interest income on funds in the insurance segment is recognised as interest earned from operations as there are legislative requirements where the funds need to be invested.

Insurance premium income

For insurance premium income recognition and measurement refer to note 1.17.

Company

Management fees from subsidiaries

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

Interest and dividend income from subsidiaries

Interest and dividend income from subsidiaries is recognised as revenue in the holding company's separate financial statements. Dividend income is recognised on the date that the company's right to receive payment is established. Finance income is included, depending on its nature, either in revenue, investment income from operations or investment income.

1.14 Other income

Transactions not recognised as revenue or finance and investment income are classified as other income and include external insurance claims, profit on disposal of property, plant and equipment, commission and administration fees.

1.15 Investment income and expenses

Investment income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Interest income on funds in the insurance segment is recognised as interest earned from operations as there are legislative requirements where the funds need to be invested. Dividend income is recognised in profit or loss on the date that the group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

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

1.16 Functional and presentation currency

Functional and presentation currency and foreign currency transactions

The company's functional currency is the South African Rand. The financial statements have been presented in South African Rands, rounded to the nearest thousand unless stated otherwise, being the group's and the company's presentation currency.

Transactions in foreign currencies are translated to the functional currency of the group entities at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

SIGNIFICANT ACCOUNTING POLICIES continued

for the year ended 31 March 2017

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary assets and liabilities measured at historical cost are translated to the functional currency at the exchange rate at the date that the historical cost was determined.

1.17 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 which 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 financial year, irrespective of whether they relate in whole or in part to a later reporting 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 the 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, including provisions for claims incurred but not yet reported (IBNR), and related expenses together with any other adjustments to claims from previous years. Where applicable deductions are made for salvage and other recoveries. Outstanding claims comprise provisions for the company's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the reporting date.

Whilst the directors consider that the gross provisions for claims and the related reinsurance 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.

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 are attributable to the unexpired periods of the policies in force.

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 shortfall in profit or loss for the year.

No-claim bonuses

The product offered by the group includes a profit participation measure and provides for a reward to policyholders for favourable loss experience in the form of a refund of premiums.

1.18 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 and for which discrete financial information is available. 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 to assess its performance.

Segment results

Segment result consists of segment revenue less segment expenses.

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 a segment, whether from sales to external customers or from transactions with other segments of the group, but excluding non-specific revenue interest or dividend income and also excluding gains on sales of investments or gains on extinguishments of debt (unless the segment's operations are primarily of a financial nature).

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, including expenses relating to sales to external customers and expenses relating to transactions with other segments within the group, excluding non-operating interest incurred, losses on sales of investments or losses on extinguishments of debt (unless the segment's operations are primarily of a financial nature) and income tax.

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 if they relate to the segment's operating activities and they can be directly attributed or allocated to the segment on a reasonable basis.

Segment assets

Segment assets consist 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. Segment assets do not include income tax assets.

Segment liabilities

Segment liabilities consist 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. Segment liabilities do not include income tax liabilities.

1.19 Determination of fair values

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable,

SIGNIFICANT ACCOUNTING POLICIES continued

for the year ended 31 March 2017

further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of land and buildings is estimated by using a combination of the income capitalisation method and the depreciated replacement value method. This method requires the net annual income generated by the property, based on market trends, to be capitalised at an appropriate rate of return to reflect risk, specific investment demands and the overall condition of the structures.

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted closing market price at the reporting date.

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

- The fair values of listed or quoted investments are based on the quoted closing market price; and
- The fair values of debt securities are based on the quoted closing market price as reflected on the recognised exchange.

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 at amortised cost is believed to approximate their fair values.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, 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-bearing loans and borrowings and loans to group companies

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. The interest rate used for determining the fair value is the prime interest rate.

Trade and other payables

All trade and other payables are of a short-term nature and the carrying value of trade and other payables at amortised cost is believed to approximate their fair value.

Cash and cash equivalents

The cash and cash equivalents held by the group are of a short-term nature and the fair value of positive bank balances and bank overdrafts is deemend to approximate the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

2. New standards and interpretations not yet effective

At the date of authorisation of the group financial statements and financial statements for the year ended 31 March 2017, the following standards and interpretations were in issue but not yet effective:

Standard/interpretation		Effective date: Years beginning on or after
IAS 7	Disclosure amendments	Annual periods beginning on or after 1 April 2017*
IAS 12 amendment	Recognition of Deferred Tax Assets for Unrealised Losses	Annual periods beginning on or after 1 April 2017*
IFRS 15	Revenue from Contracts with Customers	Annual periods beginning on or after 1 April 2018*
IFRS 9	Financial Instruments	Annual periods beginning on or after 1 April 2018*
IFRS 2 amendments	Clarifying share-based payment accounting	Annual periods beginning on or after 1 April 2018
IAS 40 amendment	Transfers of Investment Property	Annual periods beginning on or after 1 April 2018*
IFRIC 22	Foreign Currency Transactions and Advance Considerations	Annual periods beginning on or after 1 April 2018
IFRS 16	Leases	Annual periods beginning on or after 1 April 2019*

** All standards and interpretations will be adopted at their effective date despite early application being permitted under IFRS (except for those standards and interpretations that are not applicable to the entity).*

The changes to IAS 40 are not applicable to the business of the company and will therefore have no impact on future financial statements.

The directors are of the opinion that the impact of the application of the remaining standards and interpretations will be as follows:

Amendments to IAS 7 Disclosure Initiative

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The impact on the financial statements of the company is not expected to be significant; the company does not have any liabilities arising from financing activities.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

2. New standards and interpretations not yet effective continued

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

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.

The impact on the financial statements of the company is not expected to be significant due to the current deferred tax position of the company and will depend on the its ability to generate profit consistently over the coming years.

IFRS 15 Revenue from Contracts with Customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

Revenue comprises, amongst other components, the fair value of amounts invoiced in respect of goods sold, net of rebates and settlement discounts as well as interest income on credit sales. Revenue is recognised when risk and rewards are passed to the customer, which in the case of credit sales is the date of delivery. In respect of cash sales, revenue is recognised when the transaction happens.

It is envisaged that the adoption of the new standard will not have a significant impact on the timing and value of revenue as interest is charged on the credit sales at an appropriate rate which is utilised to calculate the repayment amount which contains a capital and interest element and therefore time value of money is already taken into account when the credit sale is recognised. The finance income is recognised over the contractual term of the instalment sale agreement.

The sales transaction does not involve multiple performance obligations, or complex contractual terms determining the timing over which revenue should be recognised. In terms of the new standard, revenue will still be recognised at a point in time, which will be the date of delivery, and over a period of time for interest income.

A subsidiary company generates revenue by leasing its property. The rent received does not involve multiple performance obligations, or complex contractual terms determining the timing over which revenue should be recognised. In terms of the new standard, revenue will be recognised at a point in time, which will be the date of the invoice on a monthly basis.

Lastly, the standard will have no effect on the revenue recognised relating to insurance premium income as this will fall under the ambit of the proposed insurance standard.

2. New standards and interpretations not yet effective continued

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard includes changes in the measurement bases of the company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model.

The change from an incurred loss model to an expected credit loss model when assessing the impairment of trade receivables is not expected to have a significant impact on the company under the new standard based on the nature of the customer base and the level of historic credit losses.

A subsidiary, being an insurance company, which has available for sale financial instruments, would most likely be eligible to defer the application of this new standard until applied in conjunction with the proposed insurance standard.

IFRS 2 amendments clarifying share-based payment accounting

Currently, there is ambiguity over how a company should account for certain types of share-based payment arrangements. The IASB has responded by publishing amendments to IFRS 2 Share-based Payment.

The impact on the financial statements of the company is not expected to be significant as no options have been granted during the current and prior year and there were no outstanding options for the current and prior year.

IFRIC 22 Foreign Currency Transactions and Advance Considerations

When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item.

This has resulted in diversity in practice regarding the exchange rate used to translate the related item. IFRIC 22 clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The company's exposure to foreign currency transactions is limited to occasional foreign purchases of merchandise during a given year by a subsidiary. There is also not a significant time delay between the payment of the foreign currency and the date that risk and rewards pertaining to the purchased inventory transfers. At the current levels of exposure, the new standard will not have a significant impact on the financial statements of the group.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

2. New standards and interpretations not yet effective continued

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the statement of financial position.

The group has two leases in place for office space and stores in terms of operating leases.

The leases are for periods ranging between 12 and 60 months.

Once the new standard becomes effective, these leases will have to be capitalised and reflected as lease assets and lease liabilities on the statement of financial position. This will give rise to the recognition of an interest charge and depreciation over the lease term and a reduction in lease expenditure currently recognised in the statement of profit or loss and other comprehensive income.

As noted in note 33, the group had operating lease commitments of R6,1 million outstanding at 31 March 2017 in respect of current property leases.

The present value of the above mentioned future commitments is indicative of the amount of the lease asset (right of use asset) and lease obligation which would have to be reflected on the statement of financial position.

3. Property, plant and equipment

	2017			2016		
Figures in R'000	Cost/ valuation	Accumulated depreciation and impairments	Carrying value	Cost/ valuation	Accumulated depreciation and impairments	Carrying value
Group						
At valuation						
Land	**6 566**	**–**	**6 566**	6 566	–	6 566
Buildings	**9 580**	**–**	**9 580**	9 534	–	9 534
At cost						
Leasehold improvements	**1 221**	**(1 162)**	**59**	1 193	(1 141)	52
Plant and machinery	**1 078**	**(1 012)**	**66**	1 061	(863)	198
Furniture and fittings	**55**	**(11)**	**44**	55	(6)	49
Motor vehicles	**850**	**(230)**	**620**	683	(320)	363
Generator equipment	**401**	**(54)**	**347**	401	(27)	374
Shop fittings	**480**	**(133)**	**347**	94	–	94
	20 231	**(2 602)**	**17 629**	19 587	(2 357)	17 230

Reconciliation of movement in the carrying value of property, plant and equipment – group – 2017

Figures in R'000	Opening carrying value	Additions	Disposals/ scrapped items	Depreciation	Closing carrying value
At valuation					
Land	**6 566**	**–**	**–**	**–**	**6 566**
Buildings	**9 534**	**115**	**(69)**	**–**	**9 580**
At cost					
Leasehold improvements	**52**	**28**	**–**	**(21)**	**59**
Plant and machinery	**198**	**–**	**(2)**	**(130)**	**66**
Furniture and fittings	**49**	**–**	**–**	**(5)**	**44**
Motor vehicles	**363**	**436**	**(89)**	**(90)**	**620**
Generator equipment	**374**	**–**	**–**	**(27)**	**347**
Shop fittings	**94**	**386**	**–**	**(133)**	**347**
	17 230	**965**	**(160)**	**(406)**	**17 629**

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

3. Property, plant and equipment continued

Reconciliation of movement in the carrying value of property, plant and equipment – group – 2016

Figures in R'000	Opening carrying value	Additions	Disposals/ scrapped items	Depre- ciation	Closing carrying value
At valuation					
Land	6 566	–	–	–	6 566
Buildings	9 534	–	–	–	9 534
At cost					
Leasehold improvements	82	40	(20)	(50)	52
Plant and machinery	335	–	(6)	(131)	198
Furniture and fittings	31	24	–	(6)	49
Motor vehicles	345	178	(60)	(100)	363
Generator equipment	401	–	–	(27)	374
Shop fittings	–	94	–	–	94
	17 294	336	(86)	(314)	17 230

Pledged as security

None of the group's property, plant and equipment are mortgaged or further encumbered.

Revaluations

Land and buildings, which consist of a business premises situated on erf 2134, Ferndale, Johannesburg, are independently valued on an ad-hoc basis. The property was valued by the company's directors and an external independent valuator at 31 March 2017. The external valuator was Johannes SF Wessels, a Professional Associated Valuer registered with the South African Council for the Property Valuers Profession (SACPVP Number 7316/3). He is not connected to the company and he has the appropriate qualifications and experience in the location and category of the property. The company's directors value the group's property portfolio on an annual basis.
An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the locations and category of property being valued, also provides supporting information used in the annual directors' valuation process. The fair values are based on valuations and other market information that take into consideration the estimated rental value and depreciated replacement value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. The valuation was based on a combination of the income capitalisation method and the depreciated replacement cost method for existing use. The directors have assessed the residual value of the property at 31 March 2017 and calculated that the residual value approximates the current carrying value. No depreciation has therefore been recognised in the current or prior period in respect of the property.

3. Property, plant and equipment continued

The carrying value of the revalued assets, with an original cost price of R5 399 000 for the group, under the depreciated cost model would have been:

	Group		Company	
Figures in R'000	**2017**	2016	**2017**	2016
Land	**1 575**	1 575	**–**	–
Buildings	**1 270**	1 300	**–**	–
	2 845	2 875	**–**	–

Details of properties

A register containing the information required by the Companies Act of South Africa is available for inspection at the registered office of the company.

Fair value hierarchy

Figures in R'000	Level 1	Level 2	Level 3	Total
Land and buildings – 2017	**–**	**–**	**16 146**	**16 146**
Land and buildings – 2016	–	–	16 100	16 100

The valuation techniques to fair value assets and liabilities in Level 3.

Assets	Method	Major assumptions
Land and buildings	Income capitalisation method	Capitalisation rate Rental per square metre per Rhode report Vacancy factor

Figures in R'000	**Land and buildings**
Reconciliation of land and buildings at fair value in Level 3	
Balance 1 April 2016	**16 100**
Fair value measurements	**–**
Scrapping of assets due to theft	**(69)**
Additions	**115**
Balance at 31 March 2017	**16 146**

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

3. Property, plant and equipment continued

Sensitivity analysis

Land and buildings

Presented in the tables below is an analysis of the impact on the fair value of the property, per valuation method, for changes in the key valuation assumptions:

Figures in R'000	Capitalisation rate		
Income capitalisation method	8,81%	9,81%	10,81%
Rental (10% decrease)	13 400	12 100	11 000
Rental (Rate per Rhode report)	16 100	14 400	13 100
Rental (10% increase)	18 700	16 800	15 200

Figures in R'000	Depreciation factor		
Depreciated replacement cost method	60,00%	65,00%	70,00%
Building costs (3% decrease)	18 900	17 400	15 800
Building costs (Rate per AECOM's African Property and Construction Handbook of 2016)	19 300	17 700	16 100
Building costs (3% increase)	19 700	18 100	16 400

The valuation for the financial year ended 31 March 2017 was based on a combination of the income capitalisation method and the depreciated replacement cost method for existing use. A 50% contribution rate per method was deemed appropriate by the directors.

4. Intangible assets

	2017			2016		
Figures in R'000	**Cost**	**Accumulated amortisation and impairment losses**	**Carrying value**	Cost	Accumulated amortisation and impairment losses	Carrying value
Group						
Computer software, internally developed	**852**	**(751)**	**101**	852	(497)	355
Company						
Computer software, internally developed	**378**	**(301)**	**77**	378	(206)	172

4. Intangible assets continued

Reconciliation of movement in the carrying value of intangible assets – group – 2017

Figures in R'000	**Opening carrying value**	**Additions**	**Amortisation**	**Closing carrying value**
Computer software, internally developed	**355**	**–**	**(254)**	**101**

Reconciliation of movement in the carrying value of intangible assets – group – 2016

Figures in R'000	Opening carrying value	Additions	Amortisation	Closing carrying value
Computer software, internally developed	588	22	(255)	355

Reconciliation of movement in the carrying value of intangible assets – company – 2017

Figures in R'000	**Opening carrying value**	**Additions**	**Amortisation**	**Closing carrying value**
Computer software, internally developed	**172**	**–**	**(95)**	**77**

Reconciliation of movement in the carrying value of intangible assets – company – 2016

Figures in R'000	Opening carrying value	Additions	Amortisation	Closing carrying value
Computer software, internally developed	245	22	(95)	172

Pledged as security

There is no restricted title on computer software and no computer software has been pledged as security for liabilities of the group. As at 31 March 2017 there were no contractual commitments relating to intangible assets.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

5. Investments in subsidiaries

Name of company	Held by	Voting power 2017 %	Voting power 2016 %	Shares at cost 2017 R'000	Shares at cost 2016 R'000
Corporate Guarantee (South Africa) Limited	Nictus Limited	**100,00**	100,00	**42 900**	42 900
Kruben Holdings Proprietary Limited	Nictus Limited	**100,00**	100,00	**11 516**	11 516
Nictus Meubels Proprietary Limited	Nictus Limited	**100,00**	100,00	**41 220**	41 220
Oreon Place Investments Proprietary Limited#	Nictus Limited	**–**	100,00	**–**	218
				95 636	95 854
Impairment of investment in subsidiaries				**(18 377)**	(17 344)
Carrying value at end of year				**77 259**	78 510
Accumulated impairment allowances					
Opening balance				**17 344**	18 456
Current year: impairment losses raised/(reversed)				**1 033**	(1 112)
				18 377	17 344

 # On 31 March 2017 the company sold its interest in Oreon Place Investments Proprietary Limited as it could not be aligned to fit into the company's strategy. It was sold to Nico Tromp Trust, a trust related to Nicolaas C Tromp, as a shelf company. The results of Oreon Place Investments Proprietary Limited were previously disclosed as part of the insurance and finance segment, refer to note 38.

As a result of current and prior period trading losses the investment in Nictus Meubels Proprietary Limited has been impaired. The impairment is based on the recoverable amount of the subsidiary at 31 March 2017. The current year's impairment and prior year's reversal have been accounted for in profit or loss.

The company has no interests in unconsolidated entities.

The company has no sponsored entities.

All subsidiaries' principal place of business and country of incorporation is South Africa.

6. Investments

Figures in R'000	Group 2017	Group 2016	Company 2017	Company 2016
At fair value through profit or loss – designated				
Listed shares	**12 967**	23 708	**–**	–
Debt securities	**1 988**	1 936	**–**	–
Unit trusts	**7 107**	14 197	**–**	–
Debt securities consist of stock held in Standard Bank of South Africa Limited which is redeemable in 2018, with an interest rate of 8,4% per annum.				
A register containing particulars of companies in which shares and unit trusts are held is available for inspection at the registered office and head office of the group.				
Amortised cost				
Short-term investments	**100 766**	22 988	**–**	–
Short-term investments consist of short-term deposits with an original maturity date of more than three months. Due to the short-term nature of these deposits and the market-related interest rate attached to them, the carrying value approximates the fair value.				
Total investments	**122 828**	62 829	**–**	–
Disclosure				
Non-current assets	**22 062**	39 841	**–**	–
At fair value through profit or loss – designated	**22 062**	39 841	**–**	–
Current assets	**100 766**	22 988	**–**	–
Amortised cost	**100 766**	22 988	**–**	–
	122 828	62 829	**–**	–

Refer to note 1.19 on determining the fair value of financial assets.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

6. Investments continued

Sensitivity analysis – equity price risk

Presented below is an analysis of the impact on equity investments of changes in the key valuation assumptions.

	Group	
Figures in R'000	2017	2016
1% increase in all share index	201	379
1% decrease in all share index	(201)	(379)
2% increase in all share index	402	758
2% decrease in all share index	(402)	(758)

This analysis assumes that all other variables remain consistent.

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

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. There were no transfers between the levels for the reporting period.

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Level 1				
Listed shares	12 967	23 708	–	–
Debt securities	1 988	1 936	–	–
Unit trusts	7 107	14 197	–	–
	22 062	39 841	–	–

7. Deferred tax (liability)/asset

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Reconciliation of movement for the year				
Balance at the beginning of the year	(1 457)	42	1 136	2 280
Current year movements:				
– Recognised in profit or loss	483	(1 312)	(2 268)	(1 144)
– Recognised in other comprehensive income	–	(187)	–	–
	(974)	(1 457)	(1 132)	1 136
The net deferred tax (liability)/ asset comprises:				
Deferred tax assets	1 424	1 145	–	1 136
Deferred tax liabilities	(2 398)	(2 602)	(1 132)	–
	(974)	(1 457)	(1 132)	1 136
The net deferred tax (liability)/ asset comprises the following temporary differences:				
Available tax losses	490	1 232	170	893
Accruals	2 574	2 113	344	243
Revaluation of land and buildings	(2 718)	(2 718)	–	–
Fair value gains on investments	(1 320)	(2 084)	–	–
Revaluation of insurance asset	–	–	(1 646)	–
	(974)	(1 457)	(1 132)	1 136

Deferred tax assets in respect of available tax losses and deductible temporary differences have been recognised to the extent that the directors believe that sufficient future taxable profits will be available in the foreseeable future to enable the group and its subsidiary companies to utilise the available tax losses and deductible temporary differences.

Tax rates

The deferred tax rate applied to the fair value adjustments of financial assets or revaluations of owner-occupied property is determined by the expected manner of recovery. Where the expected recovery is through sale, the capital gains tax rate of 22,4% (2016: 22,4%) has been used. If the expected manner of recovery is through indefinite use, the corporate tax rate of 28% (2016: 28%) has been applied.

If the manner of recovery is partly through use and partly through sale, a combination of capital gains rate and corporate tax rate has been used.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

7. Deferred tax (liability)/asset continued

The following deferred tax assets have not been recognised by the group and company in respect of available tax losses and deductible temporary differences due to the fact that there is not sufficient certainty at the reporting date whether the subsidiary or company would be able to generate sufficient taxable income in the immediate future to utilise the available tax losses and deductible temporary differences.

	Group		Company	
Figures in R'000	**2017**	2016	**2017**	2016
Estimated available tax losses	**10 226**	12 349	**608**	3 189
Tax losses recognised in determining deferred tax assets	**(1 749)**	(4 401)	**(608)**	(3 189)
Unrecognised tax losses	**8 477**	7 948	**–**	–
Unrecognised deferred tax assets pertaining to unutilised tax losses	**2 374**	2 225	**–**	–

The estimated tax losses will be available to the company and the respective subsidiaries indefinitely per the Income Tax Act as long as the entities are trading. There is currently no intention for the company or the subsidiaries to cease trading activities.

8. Loans and receivables

	Group		Company	
Figures in R'000	**2017**	2016	**2017**	2016
Non-current assets	**3 668**	4 768	**–**	–
Current assets	**44 766**	46 468	**40 591**	42 293
	48 434	51 236	**40 591**	42 293
Comprising				
Loans and receivables	**40 591**	42 293	**40 591**	42 293
Non-current portion of trade receivables	**3 668**	4 768	**–**	–
Investments held in preference shares	**4 175**	4 175	**–**	–
	48 434	51 236	**40 591**	42 293
Gross				
Not past due	**48 434**	51 236	**40 591**	42 293

Non-current portion of trade receivables

The non-current portion of the receivables represents trade receivables arising from instalment sales agreements in the furniture retail segment, that will only be repaid after 12 months.

8. Loans and receivables continued

Investments held in preference shares

Preference shares relate to preference shares taken up by Corporate Guarantee (South Africa) Limited in Sinuku Securities Proprietary Limited. The preference shares constitute cumulative redeemable preference shares issued on 1 August 2010 for a minimum period of three years and one day whilst not exceeding a period of ten years and bear dividends at a rate of 75% of the Standard Bank prime rate. The preference dividends are receivable monthly.

Loans and receivables

Loans and receivables relates to a loan to Nictus Holdings Limited, a related company incorporated in Namibia. The loan is unsecured, repayable on demand and bears interest at the South African prime interest rate.

9. Inventories

	Group		Company	
Figures in R'000	**2017**	2016	**2017**	2016
Merchandise	**11 278**	11 178	**–**	–
Consumables	**6**	7	**6**	7
	11 284	11 185	**6**	7

No inventories have been written down to net realisable value.

Inventory pledged as security

No inventory has been encumbered or pledged as security.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

10. Loans to/(from) group companies

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Current loans to subsidiary companies				
Kruben Holdings Proprietary Limited	–	–	1 268	1 147
	–	–	1 268	1 147
Current loans from subsidiary companies				
Oreon Place Investments Proprietary Limited	–	–	–	(4 374)
Corporate Guarantee (South Africa) Limited	–	–	(25 202)	(21 117)
Nictus Meubels Proprietary Limited	–	–	(8 830)	(7 396)
Current portion of cumulative redeemable preference shares issued to subsidiaries	–	–	(16 500)	(14 200)
	–	–	(50 532)	(47 087)
Non-current portion of loans from subsidiary companies				
Cumulative redeemable preference shares issued to subsidiaries	–	–	–	(10 000)

Cumulative redeemable preference shares

The cumulative redeemable preference shares bear dividends at a rate of 70% of the Standard Bank of South Africa prime overdraft rate. The preference dividends are payable monthly. The preference shares are not redeemable before three years after date of issue. After the initial period of three years the preference shares can be redeemed after one month's notice.

Cumulative redeemable preference shares of R6,5 million (2016: R6,5 million) are payable to Corporate Guarantee (South Africa) Limited, Rnil million (2016: R7,7 million) was payable to Oreon Place Investments Proprietary Limited in the prior year and R10 million (2016: R10 million) is payable to Kruben Holdings Proprietary Limited.

10. Loans to/(from) group companies continued

Loans to/(from) subsidiary companies

Loans due to subsidiaries bear interest at the Standard Bank of South Africa Limited prime lending rate minus 1%, are unsecured and repayable on demand.

Loans due by subsidiaries bear interest at the Standard Bank of South Africa Limited prime lending rate, are unsecured and repayable on demand.

The carrying values of loans to/(from) group companies approximate their fair value.

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Disclosure				
Current assets	–	–	1 268	1 147
Non–current liabilities	–	–	–	(10 000)
Current liabilities	–	–	(50 532)	(47 087)
	–	–	(49 264)	(55 940)

Loans to group companies impaired

As of 31 March 2017, loans to group companies of Rnil (2016: Rnil) were impaired.

Inter-company trade receivables are subject to the same terms and conditions applied to the general public and settlement is expected to be made in cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of loan mentioned above. The group does not hold any collateral as security.

The carrying amounts of loans to and from group companies are denominated in the South African Rand.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

11. Trade and other receivables

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Trade receivables	334 329	253 248	19	2 097
Trade receivables: furniture	9 665	10 983	–	–
Trade receivables: other	8 341	10 993	19	2 097
Secured advances	316 323	231 272	–	–
Prepayments	710	593	113	89
Insurance asset	–	–	5 881	–
Deposits	38	38	–	–
Value added tax	1	237	1	2
Sundry debtors	406	348	–	–
	335 484	254 464	6 014	2 188

The carrying amounts of short-term trade receivables are deemed to approximate their fair values.

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

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Geographical split				
Namibia	13	18	11	17
South Africa	335 471	254 446	6 003	2 171
	335 484	254 464	6 014	2 188

Trade receivables include instalment sale agreements relating to furniture and household appliances that are sold to customers using instalment sale agreements, which are non-cancellable and which are on average for a period of two years. Goods sold by the furniture segment are sold subject to retention of title clauses, so that in the event of non-payment the group has a secured claim.

At 31 March 2017 the future minimum instalment sale agreements and premium debtors payments receivable within one year amounting to R23 million (2016: R28 million) are included in trade receivables and R3,7 million (2016: R4,7 million) is receivable between one to five years which is included in loans and receivables (refer to note 8).

11. Trade and other receivables continued

	Group		Company	
Figures in R'000	2017	2016	2017	2016
The ageing of trade and other receivables at the reporting date was:				
Gross				
Not past due	335 054	253 859	6 013	2 186
Past due 0 – 30 days	495	622	–	–
Past due 31 – 120 days	988	1 144	–	–
Past due 121 – 365 days	2 204	2 150	–	2
More than one year	1	–	1	–
	338 742	257 775	6 014	2 188
Impairment allowance				
Not past due	70	15	–	–
Past due 0 – 30 days	389	246	–	–
Past due 31 – 120 days	866	902	–	–
Past due 121 – 365 days	1 933	2 148	–	–
	3 258	3 311	–	–
Net carrying value	335 484	254 464	6 014	2 188

As at 31 March 2017, group trade and other receivables of R0,4 million (2016: R0,6 million) were past due but no impairment allowance was raised. From a company perspective R0,001 million (2016: R0,002 million) was past due but no impairment allowance was raised.

Management is of the opinion that the impairment allowance raised is adequate and past experience indicates that trade and other receivables past due not impaired are recoverable.

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Reconciliation of movement in impairment allowance				
Opening balance	3 311	2 648	–	–
Impairment allowance (released)/raised	(53)	663	–	–
	3 258	3 311	–	–

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

12. Cash and cash equivalents

	Group		Company	
Figures in R'000	**2017**	2016	**2017**	2016
Cash and cash equivalents consist of:				
Cash on hand	**16**	10	**5**	–
Bank balances	**1 219**	2 355	**446**	353
Short-term deposits	**56 368**	115 747	**–**	–
	57 603	118 112	**451**	353

Included in cash and cash equivalents are investments made in terms of the various insurance regulations in South Africa to comply with necessary liquidity requirements.

The carrying amount of cash and cash equivalents is deemed to approximate its fair value.

The borrowing capacity as determined by the Memorandum of Incorporation is unrestricted and at the discretion of the directors.

13. Stated capital

	Group		Company	
Figures in '000	**2017**	2016	**2017**	2016
Authorised – no par value shares				
250 million ordinary shares of no par value	**250 000**	250 000	**250 000**	250 000
10 million redeemable cumulative preference shares of no par value	**10 000**	10 000	**10 000**	10 000
	260 000	260 000	**260 000**	260 000

Figures in R'000				
Issued				
66 269 940 ordinary shares of no par value	**48 668**	48 668	**48 668**	48 668

All ordinary shares rank equally with regard to the company's residual assets.

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

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 issued share capital is fully paid up.

14. Revaluation reserve

	Group		Company	
Figures in R'000	**2017**	2016	**2017**	2016
The revaluation reserve relates to property that is carried at its revalued amount.				
Revaluation of property	**10 701**	10 701	**–**	–
Deferred tax on revaluation	**(2 718)**	(2 718)	**–**	–
	7 983	7 983	**–**	–

15. Share-based payments

Equity-settled share option scheme

The group has an approved share option scheme for certain senior employees and executive directors.

No options were granted during the current or prior year and there were no outstanding options for the current or prior year.

In 2012 the shareholders approved the adoption of The Nictus Employee Share Incentive Trust. The scheme was introduced to provide an incentive for senior employees (including executive directors) of the group. The objective of the scheme is to enable the retention of key employees. Allocations are linked to the performance of both the group and the individual. Share options granted, in terms of the scheme will be classified as an equity-settled scheme.

In terms of the rules of the scheme, options are granted at predetermined prices set by the trustees of the scheme. The vesting period is five years as follows:

- Year 2 – 25% of allocation
- Year 3 – 25% of allocation
- Year 4 – 25% of allocation
- Year 5 – 25% of allocation

If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the group before the options vest unless otherwise recommended by the board of the company.

In terms of the scheme, 10% (6 626 994 shares) of the issued share capital of the company may be offered by the trustees to eligible participants.

The board may adjust the number of shares on a proportionate basis to account for a capitalisation issue or a rights offer of shares or a subdivision or consolidation or reduction of the share capital of the company. No participant shall be entitled to hold or receive more than 1 988 098 of the scheme shares of the company in issue.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

16. Trade and other payables

Figures in R'000	Group 2017	Group 2016	Company 2017	Company 2016
Trade payables	**2 248**	1 308	**2 308**	232
Sundry creditors	**151**	115	**70**	41
Accruals	**8 068**	5 482	**1 285**	915
Lease straight-line accrual	**212**	22	**–**	–
VAT	**158**	683	**77**	550
	10 837	7 610	**3 740**	1 738

The group and company's exposure to liquidity risk related to trade and other payables is disclosed in note 30. For fair value disclosure, refer to note 32.

17. Insurance contract liability

Figures in R'000	Group 2017	Group 2016	Company 2017	Company 2016
Gross provision for unearned premiums	**473 944**	405 289	**–**	–
Gross provision for no claim bonus	**7 767**	6 138	**–**	–
Gross provision for claims incurred but not reported (IBNR)	**469**	517	**–**	–
	482 180	411 944	**–**	–
Analysis of movements in gross provision for unearned premiums				
Opening balance	**405 289**	392 900	**–**	–
Claims paid	**(1 033)**	(6 872)	**–**	–
IBNR provided/(released)	**48**	(341)	**–**	–
Net written premiums	**77 452**	27 433	**–**	–
Net underwriting result	**(7 812)**	(7 831)	**–**	–
	473 944	405 289	**–**	–

17. Insurance contract liability continued

Figures in R'000	Group 2017	Group 2016	Company 2017	Company 2016
Analysis of movements in no claim bonus provision				
Opening balance	**6 138**	4 993	**–**	–
No claim bonus charge to profit or loss	**24 858**	18 347	**–**	–
No claim bonus paid	**(23 229)**	(17 202)	**–**	–
	7 767	6 138	**–**	–
Analysis of movement in gross IBNR provision				
Opening balance	**517**	176	**–**	–
IBNR released	**(517)**	(176)	**–**	–
IBNR provided	**469**	517	**–**	–
	469	517	**–**	–

Process used to determine 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 IBNR 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. The provision for each notified claim includes value added tax, where applicable. There were no unpaid notified claims as at 31 March 2017.

Claims incurred but not reported (IBNR)

Due to the short duration between the occurrence, reporting and settlement of claims, the IBNR is calculated per the prescribed calculation in Board Notice 169 of 2011 issued by the Financial Services Board (FSB). The adequacy of this reserve is assessed on an annual basis as part of the liability adequacy test performed on the total of insurance contract liabilities.

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.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

17. Insurance contract liability continued

Assumptions

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

	Group		Company	
Figures in R'000	2017	2016	2017	2016
An increase in IBNR of 1% of net written premiums would decrease profit by	5	5	–	–

A 1% decrease will have an equal but opposite effect.

18. Revenue

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Sale of goods	32 551	32 871	–	–
Management fees from subsidiaries	–	–	21 551	17 540
Rental income	40	34	–	–
Finance income	3 215	3 111	117	84
Dividend received from subsidiary	–	–	1 920	–
Insurance premium income	8 845	15 046	–	–
	44 651	51 062	23 588	17 624
Insurance premium income consists of:				
Net written premiums	77 452	27 433	–	–
Change in net provision for unearned premiums	(68 607)	(12 387)	–	–
Reinsurance premiums paid	–	–	–	–
	8 845	15 046	–	–

19. Other income

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Profit on sale of property, plant and equipment	24	18	–	–
Profit/(loss) on sale of subsidiary – Oreon Place	3	–	(11)	–
Commissions received	59	34	–	–
Other services rendered	54	192	–	–
Insurance claimed	370	–	–	–
Sundry income	7	2 017	–	–
Administration fees received	807	887	–	–
Transport recoveries	793	914	–	–
Insurance asset balance adjustment	–	–	5 881	–
	2 117	4 062	5 870	–

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

20. Results from operating activities

Results from operating activities for the year are stated after accounting for the following:

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Insurance expenses				
Claims paid	1 033	6 872	–	–
No claim bonus allocations	24 858	18 347	–	–
	25 891	25 219	–	–
Operating lease charges	2 514	2 636	450	80
– Premises – straight-lined	2 512	2 609	450	80
– Equipment and motor vehicles – straight-lined	2	27	–	–
Bad debt written off/(recovered)	565	(74)	–	–
Allowance for trade receivables impairment (released)/raised	(53)	663	–	–
Recognition/(reversal) of impairment against investment in subsidiaries	–	–	1 033	(1 112)
Amortisation of intangible asset	254	255	95	95
Depreciation of property, plant and equipment	406	314	–	–
Profit on disposal of investments	(3 458)	(1 720)	–	–
Fair value adjustments:	3 288	(1 365)	–	–
Unit trusts	2 804	(2 228)	–	–
Debt securities	435	53	–	–
Listed shares	49	810	–	–
Insurance expenses	179	154	6 031	5
Loss on scrapping/derecognition of equipment	69	–	–	–
Employee costs and directors' emoluments	14 285	11 553	6 100	3 581
– Salaries	10 568	7 838	2 743	525
– Medical aid contributions	236	355	–	–
– Fees for services as directors (refer to note 29)	3 481	3 360	3 357	3 056
Management fees paid to related parties	3 875	5 281	3 875	5 281

21. Investment income

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Investment income from operations				
Dividends received	1 156	1 435	–	–
Financial assets at fair value through profit and loss	171	3 084	–	–
Bank and secured advances	36 557	26 180	–	–
	37 884	30 699	–	–
Investment income on loans and receivables				
Bank and other	565	470	54	–
Other interest – loans to related parties	4 276	3 399	4 276	3 399
	4 841	3 869	4 330	3 399
	42 725	34 568	4 330	3 399

22. Finance expense

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Loans from related parties	–	–	(3 257)	(2 476)
Preference dividends paid to related companies	–	–	(1 450)	(1 632)
	–	–	(4 707)	(4 108)

23. Taxation expense

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Major components of the tax expense				
Current taxation				
Current year charge	(661)	–	–	–
	(661)	–	–	–
Deferred taxation				
Current year credit/(charge)	483	(1 312)	(2 268)	(1 144)
	483	(1 312)	(2 268)	(1 144)
	(178)	(1 312)	(2 268)	(1 144)

No provision for normal tax was raised in the prior financial year as the company and its subsidiaries had available tax losses to utilise against taxable income. Refer to note 7.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

23. Taxation expense continued

	Group		Company	
Figures in R'000	**2017**	2016	**2017**	2016
Reconciliation of the effective tax expense				
Reconciliation between tax at the statutory tax rate and the effective tax rate:				
Profit before taxation	**7 069**	9 299	**7 537**	5 590
Tax at the applicable tax rate of 28% (2016: 28%)	**(1 979)**	(2 604)	**(2 110)**	(1 565)
Non-taxable items				
Profit on sale of investments	**194**	161	**–**	–
Profit on sale of property, plant and equipment	**–**	5	**–**	–
Ordinary dividends received	**324**	402	**537**	–
Fair value adjustment on listed shares	**(184)**	128	**–**	–
Revaluation of group insurance assets	**1 526**	–	**–**	–
Non-deductible expenses				
Preference dividend paid	**–**	–	**(406)**	(457)
SARS-related expenses	**–**	(41)	**–**	(41)
Depreciation-related	**(4)**	(3)	**–**	–
Impairment provision (raised)/reversed	**–**	–	**(289)**	312
Over/(under) provision previous year	**28**	(139)	**–**	–
Utilisation of deferred taxation not previously recognised	**–**	1 204	**–**	683
Deferred tax asset not recognised in the current year	**(83)**	–	**–**	–
Capital gains tax inclusion rate change	**–**	(349)	**–**	–
Travel expenses	**–**	(76)	**–**	(76)
Effective taxation	**(178)**	(1 312)	**(2 268)**	(1 144)

24. Auditor's remuneration

	Group		Company	
Figures in R'000	**2017**	2016	**2017**	2016
Audit fees	**1 660**	1 459	**808**	759
Other services – Sponsor	**30**	30	**30**	30
	1 690	1 489	**838**	789

25. Cash (utilised by)/generated from operations

	Group		Company	
Figures in R'000	**2017**	2016	**2017**	2016
Profit before taxation	**7 069**	9 299	**7 537**	5 590
Adjustments for:				
Depreciation of property, plant and equipment	**406**	314	**–**	–
Profit on disposal of property, plant and equipment	**(24)**	(18)	**–**	–
Loss on scrapping of property, plant and equipment	**69**	–	**–**	–
Amortisation of intangible asset	**254**	255	**95**	95
Dividend income	**(1 156)**	(1 435)	**(1 920)**	–
Investment income	**(4 841)**	(3 869)	**(4 330)**	(3 399)
Finance costs	**–**	–	**4 707**	4 108
Investment income from operations	**(36 728)**	(29 264)	**–**	–
Impairment raised/(reversed) on investments in subsidiaries	**–**	–	**1 033**	(1 112)
Profit on disposal of investments	**(3 458)**	(1 720)	**–**	–
Fair value adjustments on investments	**3 288**	(1 365)	**–**	–
(Profit)/loss on sale of subsidiary	**(3)**	–	**11**	–
Changes in working capital:				
(Increase)/decrease in inventories	**(99)**	(2 439)	**1**	(7)
Increase in trade and other receivables	**(79 920)**	(55 113)	**(3 826)**	(1 711)
Increase/(decrease) in trade and other payables	**3 227**	(4 429)	**2 002**	(20)
Increase in insurance contract liability	**70 236**	13 875	**–**	–
	(41 680)	(75 909)	**5 310**	3 544

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

26. Tax paid

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Balance owing at the beginning of the year	–	–	–	–
Current tax for the year recognised in profit or loss	661	–	–	–
Balance owing at the end of the year	(69)	–	–	–
Tax paid	592	–	–	–

27. Dividends paid

	Group		Company	
Figures in R'000	2017	2016	2017	2016
Ordinary dividend paid				
– on 25 July 2016*	1 988	–	1 988	
– on 27 July 2015**		1 988	–	1 988
	1 988	1 988	1 988	1 988
Preference dividend paid	–	–	1 450	1 632
	–	–	1 450	1 632

Ordinary dividends paid

The board declared a final dividend of 3 cents per ordinary share for the year ended 31 March 2016 on 30 June 2016, to all ordinary shareholders recorded in the books of Nictus Limited at the close of business on Friday, 22 July 2016. The dividend was paid on Monday, 25 July 2016.

***The board declared a final dividend of 3 cents per ordinary share for the year ended 31 March 2015 on 30 June 2015, to all ordinary shareholders recorded in the books of Nictus Limited at the close of business on Friday, 24 July 2015. The dividend was paid on Monday, 27 July 2015.*

Preference dividends paid

The preference dividends paid relates to the dividends applicable to cumulative redeemable preference shares issued by the company as disclosed in note 10. The preference dividends are payable monthly.

28. Related parties

Relationships

Subsidiaries	Refer to note 5
Related company	Nictus Holdings Limited
Members of key management	Gerard R de V Tromp *(Managing director and key management of group)*
	Eckhart H Prozesky *(Financial director and key management of group)*
	Philippus J de W Tromp *(Non-executive director)*
	Nicolaas C Tromp *(Non-executive director)*
	Stephanus J Gerber *(Manager: Insurance segment)*
Independent non-executive directors	Barend J Willemse
	John D Mandy
	Gerard Swart

The group has a related party relationship with its subsidiaries. Key management personnel has been defined as the executive directors, and managing executives 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 individual's domestic partner, and dependants of the individual or the individual's domestic partner.

Transactions with key management personnel

Directors of the company and their immediate relatives beneficially control 63,2% (2016: 63,6%) of the voting shares of the company. Details pertaining to directors' and key management's compensation are set out in note 29.

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 into 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.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

28. Related parties continued

The following transactions were entered into between subsidiaries of the group and key management (as defined) and/or organisations in which key management personnel have significant influence:

	Company	
Figures in R'000	2017	2016
Related party balances		
Loan accounts in the company – refer to note 10		
Loans to subsidiaries	1 268	1 147
Loan from subsidiaries	(34 032)	(32 887)
Loan due by related companies	40 591	42 293
Preference shares issued to related parties		
Company – refer to note 10		
Issued to related parties	(16 500)	(24 200)
Trade payables in the company – refer to note 16		
Nictus Meubels Proprietary Limited	(7)	(14)
Kruben Holdings Proprietary Limited	(76)	(74)
Oreon Place Investments Proprietary Limited	–	(48)
Corporate Guarantee (South Africa) Limited	(2 093)	(40)
Trade receivables in the company – refer to note 11		
Receivables from related party	10	–
Receivables from subsidiaries	9	2 080
Related party transactions		
Company		
Interest received from related parties (Nictus Holdings Limited)	(4 276)	(3 399)
Interest received from subsidiaries	(117)	(84)
Interest paid to subsidiaries	3 257	2 476
Preference dividends paid to subsidiaries	1 450	1 632
Management fees received from subsidiaries	(21 551)	(17 540)
Management fees paid to related party (Nictus Holdings Limited)	3 875	5 281
Rental paid to subsidiaries	526	180
Dividend received from subsidiary	(1 920)	–
Insurance premiums paid to subsidiary	6 000	–
Loss on disposal of investment	11	–
Group		
Interest received from related parties (Nictus Holdings Limited)	(4 276)	(3 399)
Management fees paid to related party (Nictus Holdings Limited)	3 875	5 281

28. Related parties continued

Loans due to subsidiaries, excluding preference shares, bear interest at the Standard Bank of South Africa Limited prime lending rate minus 1%, are unsecured and repayable on demand.

Loans due by subsidiaries, excluding preference shares, bear interest at the Standard Bank of South Africa Limited prime lending rate, are unsecured and repayable on demand.

Inter-company 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.

Refer to note 29 for directors' emoluments.

29. Directors', key management's and prescribed officers' remuneration

	Paid by the company		Paid by the subsidiaries	
Figures in R'000	Basic salary#	Bonuses#	Directors fees#	Total
Executive directors				
2017				
Gerard R de V Tromp*	360	–	–	360
Eckhart H Prozesky	1 200	240	–	1 440
	1 560	240	–	1 800

	Paid by the company		Paid by the subsidiaries	
Figures in R'000	Basic salary#	Bonuses#	Directors fees#	Total
2016				
Nicolaas C Tromp*	192	–	150	342
Gerard R de V Tromp*	300	38	77	415
Eckhart H Prozesky	960	270	17	1 247
	1 452	308	244	2 004

Classified as short-term employee benefits. No long-term employee benefits are payable.

* *As disclosed in note 28, a management fee of R3,875 million (2016: R5,281 million) was paid to a related party, Nictus Holdings Limited, including services rendered by Gerard R de V Tromp and Nicolaas C Tromp as executive directors, to the value of R2,012 million (2016: R1,503 million) and Rnil (2016: R1,647 million) respectively.*

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

29. Directors', key management's and prescribed officers' remuneration continued

Figures in R'000	Directors' fees – company	Directors' fees – subsidiaries	Basic salary – company#	Total
Non-executive directors				
2017				
Barend J Willemse	612	62	–	674
John D Mandy	391	–	–	391
Gerard Swart	346	–	–	346
Philippus J de W Tromp**	–	–	–	–
Nicolaas C Tromp*	16	62	192	270
	1 365	124	192	1 681

Figures in R'000	Directors' fees – company	Directors' fees – subsidiaries	Total
2016			
Barend J Willemse	544	60	604
John D Mandy	378	–	378
Gerard Swart	335	–	335
Philippus J de W Tromp	39	–	39
Nicolaas C Tromp*	–	–	–
	1 296	60	1 356

Classified as short-term employee benefits. No long-term employee benefits are payable.

* *As disclosed in note 28, a management fee of R3,875 million (2016: R5,281 million) was paid to a related party, Nictus Holdings Limited, including services rendered by Nicolaas C Tromp as non-executive director and consulting services rendered, to the value of R1,060 million (2016: Rnil).*

** *No remuneration was paid to the director as he waived the right to receive any compensation from the company.*

29. Directors', key management's and prescribed officers' remuneration continued

Figures in R'000	Paid by the subsidiaries: Basic salary#	Bonuses#	Total
Prescribed officers other than directors			
2017			
Stephanus J Gerber*	613	–	613
Morne Louwrence**	396	–	396
Ruaan Smith***	260	65	325
	1 269	65	1 334

Classified as short-term employee benefits. No long-term employee benefits are payable.

* *Appointed as prescribed officer within Corporate Guarantee (South Africa) Limited on 1 August 2016.*

** *Appointed as prescribed officer within Corporate Guarantee (South Africa) Limited on 1 April 2016 and resigned 31 July 2016.*

*** *Appointed as prescribed officer within Nictus Meubels Proprietary Limited on 1 April 2016 and resigned effective 30 June 2016.*

30. 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 these group financial statements.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has an audit and risk committee, which is responsible for developing and monitoring the group's risk management policies.

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 and risk 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.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

30. Financial risk management continued

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 the company's current liabilities exceed 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.

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

Figures in R'000	Carrying amount	Contractual cash flows	12 months or less	1 – 2 years	2 – 5 years
Group					
At 31 March 2017					
Trade and other payables	**10 467**	**10 467**	**10 467**	**–**	**–**
Insurance contract liability	**482 180**	**482 180**	**482 180**	**–**	**–**
At 31 March 2016					
Trade and other payables	6 905	6 905	6 905	–	–
Insurance contract liability	411 944	411 944	411 944	–	–
Company					
At 31 March 2017					
Loans from group companies	**34 032**	**34 032**	**34 032**	**–**	**–**
Cumulative redeemable preference shares	**16 500**	**16 844**	**16 844**	**–**	**–**
Trade and other payables	**3 663**	**3 663**	**3 663**	**–**	**–**
At 31 March 2016					
Loans from group companies	32 887	32 887	32 887	–	–
Cumulative redeemable preference shares	24 200	25 293	14 949	10 344	–
Trade and other payables	1 188	1 188	1 188	–	–

30. Financial risk management continued

Price risk

The group is exposed to equity securities price risk because of investments held by the group's insurance subsidiary and classified on the statement of financial position as at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the company.

	Group			
Figures in R'000	10% increase in market prices 2017	10% decrease in market prices 2017	10% increase in market prices 2016	10% decrease in market prices 2016
At 31 March				
Listed equities				
Listed shares	**1 297**	**(1 297)**	2 371	(2 371)
Debt securities	**199**	**(199)**	194	(194)
Unit trusts	**711**	**(711)**	1 420	(1 420)

Interest rate risk

The group is exposed to interest rate risk as all interest-bearing financial assets are on a variable basis.

Exposure to interest rate risks

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

	Group		Company	
Figures in R'000	**2017**	2016	**2017**	2016
Variable rate instruments				
Financial assets	**541 132**	445 584	**42 310**	43 793
Financial liabilities	**–**	–	**(50 532)**	(57 087)
	541 132	445 584	**(8 222)**	(13 294)

Sensitivity analysis

An increase of 100 basis points in interest rates at the reporting date would have increased profit/(loss) 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 as for 2016.

	Group		Company	
Figures in R'000	**2017**	**2016**	**2017**	**2016**
As at 31 March				
Variable rate instruments	**5 411**	4 456	**(82)**	(133)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

30. Financial risk management continued

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 in short-term deposits.

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 in South Africa.

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.

Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the subsidiary executive management; these limits are reviewed when required per customer. Customers that fail to meet the group's benchmark creditworthiness may transact with the group only on a cash basis.

The majority of the group's customers have been transacting with the group for a number of years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties or insurance claims.

Trade and other receivables relate only to the group's end user customers. Customers that are graded as "high risk" are restricted by tighter credit limits and their trading activity is monitored monthly by management.

Goods and services are sold subject to retention of title clauses, so that in the event of non-payment the group has a secured claim.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

30. Financial risk management continued

Credit risk continued

Investments

The group limits its exposure to credit risk by only investing in short-term investments or reputable institutions. These investments in the insurance subsidiary company are based on the requirements as set out in the Short-term Insurance Act of South Africa.

The investment portfolios are determined monthly by the group investment committee with sufficient financial and investment background. This committee reviews the valuation and returns on investments monthly for listed investments and non-listed investments to determine whether the investment portfolio requires change.

Given this, management does not expect any counterparty to fail to meet its obligations other than specifically provided for at year end.

Refer to note 11 for additional disclosures regarding credit risks.

Foreign exchange risk

At 31 March 2017, if the US Dollar had strengthened by 10% against the Rand with all other variables held constant, post-tax profit for the year would have been R0,7 million (2016: R1,4 million) higher, mainly as a result of foreign exchange gains on translation of unit trust investments in foreign currency-related instruments, financial assets at fair value through profit or loss.

The group has no foreign denominated receivables or payables at year end.

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

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 acquires 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 adopts 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 change.

Other market price risk

The investment committee 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 to note 6 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 advisers in this regard.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

30. Financial risk management continued

Insurance risks

Terms and conditions of insurance contracts

Corporate Guarantee (South Africa) Limited is registered as a short-term insurance company by the regulatory authority in South Africa 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 secondarily 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, agriculture 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, centralised management of risk and monitoring of emerging issues. These actions are described below.

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, region 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, region and industry.

30. Financial risk management continued

Insurance risks continued

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 across South Africa 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.

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 business 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. Measures 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 predetermined 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 group's history has proven the reserves to be sufficient to fund the actual claims paid.

The group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established. However, the uncertainty about the amount and timing of claims payments is typically resolved within a year.

The majority of the group's insurance contracts are classified as "short tail", meaning that any claim is settled within a year after the loss date.

In terms of IFRS 4, an insurer need only disclose claims run-off information where uncertainty exists about the amount and timing of claim payments not resolved within one year. The group does not underwrite business that is "long tail" in nature.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

30. Financial risk management continued

Capital 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 of directors monitors both the demographic spread of shareholders as well as the return on capital, which the group defines as total shareholders' equity, excluding non-redeemable preference shares and minority interests, and the level of dividends to ordinary shareholders.

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. The group does not have external debt. Cash resources within the group are utilised for any capital commitments.

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

The group's insurance subsidiary is subject to external legislative capital requirements. The subsidiary's objective is to maintain a strong capital position to enhance investor, creditor and market confidence and to stimulate business growth through the optimisation of business opportunities. In addition the subsidiary is subject to external legislative capital requirements as required by the Short-term Insurance Act, 1998 and Board Notice 169. During the prior year the subsidiary obtained a dispensation from the Financial Services Board to ensure continued compliance under its investment strategy. Under the proposed regulatory regime, Solvency Assessment and Management (SAM), the legislative requirements will change significantly. The subsidiary, with the assistance of its consulting actuary, has addressed the capital needs under the proposed regime and has complied with the transitional reporting requirements as communicated by the regulator.

31. Financial assets by category

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

Figures in R'000	Loans and receivables at amortised cost	Fair value through profit or loss – held for trading	Total
Group			
2017			
Loans and receivables	**48 434**	**–**	**48 434**
Investments	**–**	**22 062**	**22 062**
Trade receivables	**334 329**	**–**	**334 329**
Short-term deposits	**100 766**	**–**	**100 766**
Cash and cash equivalents	**57 603**	**–**	**57 603**
	541 132	**22 062**	**563 194**

31. Financial assets by category continued

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

Figures in R'000	Loans and receivables at amortised cost	Fair value through profit or loss – held for trading	Total
Group			
2016			
Loans and receivables	51 236	–	51 236
Investments	–	39 841	39 841
Trade receivables	253 248	–	253 248
Short-term deposits	22 988	–	22 988
Cash and cash equivalents	118 112	–	118 112
	445 584	39 841	485 425

Figures in R'000	Loans and receivables at amortised cost	Fair value through profit or loss – held for trading	Total
Company			
2017			
Loans and receivables	**40 591**	**–**	**40 591**
Loans to group companies	**1 268**	**–**	**1 268**
Trade and other receivables	**5 900**	**–**	**5 900**
Cash and cash equivalents	**451**	**–**	**451**
	48 210	**–**	**48 210**
2016			
Loans and receivables	42 293	–	42 293
Loans to group companies	1 147	–	1 147
Trade and other receivables	2 097	–	2 097
Cash and cash equivalents	353	–	353
	45 890	–	45 890

Refer to note 1.19 for determining of fair values for financial assets.

The carrying amounts of the financial assets at amortised cost approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

32. Financial liabilities by category

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

Figures in R'000	Financial liabilities at amortised cost	Total
Group		
2017		
Trade and other payables	**10 467**	**10 467**
2016		
Trade and other payables	6 905	6 905
Company		
2017		
Loans from group companies	**50 532**	**50 532**
Trade and other payables	**3 663**	**3 663**
	54 195	**54 195**
2016		
Loans from group companies	57 087	57 087
Trade and other payables	1 188	1 188
	58 275	58 275

Refer to note 1.19 for determining of fair values for financial liabilities.

The carrying amounts of the financial liabilities at amortised cost approximate their fair values.

33. Commitments

Authorised capital expenditure

The group has not entered into any contracts to purchase property, plant and equipment.

	Group		Company	
Figures in R'000	**2017**	2016	**2017**	2016
Operating leases – as lessee				
Minimum lease payments due				
– within one year	**1 453**	1 403	**–**	–
– in second to fifth year inclusive	**4 840**	6 293	**–**	–
– lease straight-line accrual	**(212)**	(22)	**–**	–
	6 081	7 674	**–**	–

Operating lease payments represent rentals payable by the group for certain of its properties. Leases are negotiated for periods ranging from one to five years. No contingent rent is payable.

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

34. 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.

35. Events after reporting date

There were no events after the reporting date and up to the date of approval of these financial statements that affected the presentation of the consolidated and separate financial statements for the year ended 31 March 2017, other than that a dividend of 3,00 cents per share was declared by the directors subsequent to year end, payable to shareholders registered on 21 July 2017.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

36. Shareholding

Shareholders with an interest above 5% in ordinary shares	Number of shares	%
Nicolaas C Tromp *(Director)*	31 921 195	48,17
GR de V Tromp *(Director)*	5 722 406	8,63
PJ de W Tromp *(Director)*	4 070 109	6,14
Nictus Holdings Limited	12 826 440	19,35
	54 540 150	82,29

37. Earnings per share

Basic earnings per share

The basic earnings per ordinary share from operations for the year is 10,40 cents (2016: 12,05 cents). The calculation of basic earnings per share from operations is based on a profit of R6,891 million (2016: profit of R7,987 million) and a weighted average number of shares in issue of 66 269 940 (2016: 66 269 940).

Diluted earnings per share

The diluted earnings per share from operations for the year is 10,40 cents (2016: 12,05 cents). The calculation of the diluted earnings per share from operations is based on a profit of R6,891 million (2016: R7,987 million) and a weighted average number of shares in issue of 66 269 940 (2016: 66 269 940).

Headline earnings per share

The headline earnings per share from operations for the year is 10,45 cents (2016: 12,03 cents). The calculation of headline earnings per share from operations is based on a profit of R6,922 million (2016: R7,974 million) and a weighted average number of shares in issue of 66 269 940 (2016: 66 269 940).

Diluted headline earnings per share

The diluted headline earnings per share from operations for the year is 10,45 cents (2016: 12,03 cents). The calculation of the diluted headline earnings per share from operations is based on a profit of R6,922 million (2016: profit of R7,974 million) and a weighted average number of shares in issue of 66 269 940 (2016: 66 269 940).

37. Earnings per share continued

Figures in R'000	Profit on ordinary activities	Taxation	Non-controlling interest	Net profit
Reconciliation between earnings and headline earnings:				
2017				
Profit before taxation	**7 069**	**(178)**	**–**	**6 891**
Adjustments for:				
Profit on disposal of property, plant and equipment	**(24)**	**7**	**–**	**(17)**
Profit on disposal of subsidiary	**(3)**	**1**	**–**	**(2)**
Loss on scrapping of property, plant and equipment	**69**	**(19)**	**–**	**50**
Headline earnings	**7 111**	**(189)**	**–**	**6 922**
2016				
Profit before taxation	9 299	(1 312)	–	7 987
Adjustments for:				
Profit on disposal of property, plant and equipment	(18)	5	–	(13)
Headline earnings	9 281	(1 307)	–	7 974

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

38. Group segmental analysis

Figures in R'000	Furniture retail 2017	Furniture retail 2016	Insurance and finance 2017	Insurance and finance 2016	Head office 2017	Head office 2016	Eliminations 2017	Eliminations 2016	Consolidated 2017	Consolidated 2016
Segment revenue										
Sales of goods	32 551	32 871	–	–	–	–	–	–	32 551	32 871
Rental income	573	380	–	–	–	–	(533)	(346)	40	34
Finance income	3 215	3 111	497	906	117	84	(614)	(990)	3 215	3 111
Dividend Income	–	–	–	–	1 920	–	(1 920)	–	–	–
Management fees	–	–	–	–	21 551	17 540	(21 551)	(17 540)	–	–
Insurance premium income	–	–	8 424	15 036	–	–	421	10	8 845	15 046
Total revenue from external customers	36 339	36 362	8 921	15 942	23 588	17 624	(24 197)	(18 866)	44 651	51 062
Inter-segment revenue	373	202	495	(24)	–	–	(868)	(178)	–	–
Total segment revenue	36 712	36 564	9 416	15 918	23 588	17 624	(25 065)	(19 044)	44 651	51 062
Segment result										
Operating profit/(loss) before financing costs	388	2 349	1 932	4 075	12 244	9 698	(7 495)	(6 823)	7 069	9 299
Financing costs	(1 587)	(1 432)	(329)	(171)	(4 707)	(4 108)	6 623	5 711	–	–
(Loss)/profit before taxation	(1 199)	917	1 603	3 904	7 537	5 590	(872)	(1 112)	7 069	9 299
Taxation credit/(expense)	43	(97)	524	(277)	(2 268)	(1 144)	1 523	206	(178)	(1 312)
Net (loss)/profit for the year	(1 156)	820	2 127	3 627	5 269	4 446	651	(906)	6 891	7 987
Segment assets*	62 793	63 679	563 378	486 431	125 666	125 806	(157 050)	(159 360)	594 787	516 556
Segment liabilities*	26 802	26 531	494 737	417 793	55 404	58 825	(81 459)	(80 993)	495 484	422 156
Cash flows from operating activities	1 570	884	78 971	23 163	535	(2 552)	(87 452)	(68 693)	(6 376)	(47 198)
Cash flows from investing activities	(2 163)	(919)	(138 965)	37 635	(437)	1 201	87 432	69 277	(54 133)	107 194
Cash flows from financing activities	–	492	–	89	–	–	–	(581)	–	–
Capital expenditure	(965)	(336)	–	–	–	(22)	–	–	(965)	(358)

** 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. On the next page a reconciliation is performed to reflect the amount for segment assets and liabilities as defined in the accounting policies.*

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2017

38. Group segmental analysis continued

Figures in R'000	2017	2016
Reconciliation between consolidated segment assets and liabilities and total consolidated assets and liabilities		
Assets		
Consolidated segment assets	593 363	515 411
Deferred tax	1 424	1 145
Income tax	–	–
Consolidated assets	594 787	516 556
Liabilities		
Consolidated segment liabilities	493 017	419 554
Deferred tax	2 398	2 602
Income tax	69	–
Consolidated liabilities	495 484	422 156

38. Group segmental analysis continued

Figures in R'000	2017	2016
Segment assets		
Furniture retail	62 793	63 679
Insurance and finance	563 378	486 431
	626 171	550 110
Head office and eliminations	(31 384)	(33 554)
	594 787	516 556
Segment revenue		
Furniture retail	36 712	36 564
Insurance and finance	9 416	15 918
	46 128	52 482
Head office and eliminations	(1 477)	(1 420)
	44 651	51 062
Net (loss)/profit for the year		
Furniture retail	(1 156)	820
Insurance and finance	2 127	3 627
	971	4 447
Head office and eliminations	5 920	3 540
	6 891	7 987

SHAREHOLDER INFORMATION

We continue to implement our vision of being an independent and diversified investment holding company.

Nevada
4 piece corner lounge suite

REMUNERATION POLICY

Objective

The group remuneration policy aims to appeal to and retain those individuals that will support and contribute towards achieving the group's desired results and performance. The policy, philosophy and strategy is encapsulated in the following:

Remuneration should:

- Contribute towards appealing to and retaining motivated and loyal employees;
- 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 employees.

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 agreed performance levels; and
- Long-term incentives based on meeting long-term performance levels.

Composition of the total remuneration package

The factors considered in structuring the total remuneration package are:

- Review of packages on an annual basis, internally and externally, to ensure their integrity;
- Recognised market research is applied in the structure and evaluation of packages;
- Organisational profiles are considered 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; and
- 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 which is set out in the rules. To qualify staff must:

- Meet predetermined and agreed annual targets; and
- Perform exceptionally well.

Employees who have transgressed the group code of conduct are ineligible to participate in the incentive scheme and extraneous factors do not influence the incentive evaluation.

Long-term incentives

The incentive scheme is aimed at retaining employees and meeting group performance as set out in the rules over a number of years.

- Senior management and executive directors are eligible to participate; and
- The remuneration committee determines the structure and percentile quantum of the incentive. The allocation is determined by the executive committee and reported to the remuneration committee.

Governance

The remuneration committee 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 remuneration committee at any time within the structure of the delegated authority as contained in the approved charter.

NOTICE OF ANNUAL GENERAL MEETING

NICTUS LIMITED
(Nictus or the company)
(Incorporated in the Republic of South Africa)
Registration number RSA: 81/011858/06
Registration number NAM: 781/11858
JSE share code: NCS
ISIN number: NA0009123481

Notice is hereby given that the annual general meeting of the shareholders of Nictus will be held in the boardroom, Nictus Building, corner of Pretoria and Dover Street, Randburg (see map on P 136), on Thursday, 17 August 2017 at 12:00 (SA 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. Record date

The board of directors of the company has determined that the record date in terms of section 59(1) of the Companies Act of South Africa (the Companies Act) for the purpose of determining which shareholders of the company are entitled to receive notice of the annual general meeting is Friday, 16 June 2017 and the record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 11 August 2017. Accordingly, only shareholders who are registered in the register of members of the company, or their proxies, on Friday, 11 August 2017 will be entitled to participate in the meeting.

2. General purpose of the annual general meeting

The general purpose of the annual general meeting is to:

2.1 Consider and, if deemed fit, pass with or without modification the resolutions set out hereunder; and

2.2 Deal with any business that may lawfully be dealt with at the annual general meeting.

3. Presentation of group annual financial statements and annual financial statements

The consolidated audited annual financial statements of the company and its subsidiaries, incorporating the reports of the auditor, the audit and risk committee and the directors for the year ended 31 March 2017, will be presented to shareholders as required in terms of section 30(3 (d) of the Companies Act of South Africa.

4. Resolutions for consideration and approval

4.1 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 number 1 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.

4.2 Ordinary resolution 2: re-election of Gerard Swart as a director

"Resolved that Gerard Swart be and is hereby re-elected as a director of the company."

In order for this ordinary resolution number 2 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.

A brief *curriculum vitae* is set out on P 15 of the integrated annual report.

NOTICE OF ANNUAL GENERAL MEETING continued

4.3 Ordinary resolution 3: re-election of John D Mandy as a director

"Resolved that John D Mandy be and is hereby re-elected as a director of the company."

In order for this ordinary resolution number 3 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.

A brief *curriculum vitae* is set out on P 15 of the integrated annual report.

4.4 Ordinary resolution 4: re-election of Philippus J de W Tromp as a director

"Resolved that Philippus J de W Tromp be and is hereby re-elected as a director of the company."

In order for this ordinary resolution number 4 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.

A brief *curriculum vitae* is set out on P 15 of the integrated annual report.

4.5 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 P 122 of the integrated annual report of which this notice forms part."

In order for this ordinary resolution number 5 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.

4.6 Ordinary resolution 6: re-election of John D Mandy as a member of the audit and risk committee

"Resolved that John D Mandy, a director of the company who fulfils the requirements contemplated in section 94(4) of the Companies Act of South Africa, be and is hereby re-elected as a member of the audit and risk 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 number 6 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.

4.7 Ordinary resolution 7: re-election of Barend J Willemse as a member of the audit and risk committee

"Resolved that Barend J Willemse, a director and chairman of the board of the company who fulfils the requirements contemplated in section 94(4) of the Companies Act of South Africa, be and is hereby re-elected as a member of the audit and risk 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 number 7 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. Shareholders' attention is specifically drawn to the dual role of Barend J Willemse, being an independent non-executive chairman of the board and also a member of the audit and risk committee.

4.8 Ordinary resolution 8: re-election of Gerard Swart as a member of the audit and risk committee

"Resolved that Gerard Swart, a director of the company who fulfils the requirements contemplated in section 94(4) of the Companies Act of South Africa, be and is hereby re-elected as a member of the audit and risk 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 number 8 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.

4.9 Ordinary resolution 9: re-appointment of John D Mandy as chairman of the audit and risk committee

"Resolved that John D Mandy, a director of the company who fulfils the requirements contemplated in section 94(4) of the Companies Act of South Africa, be and is hereby re-elected as the chairman of the audit and risk 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 number 9 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.

4.10 Ordinary resolution 10: re-appointment of KPMG as auditors

"Resolved that, on recommendation of the audit and risk committee of the company, KPMG Incorporated (Jacques Wessels being the designated audit partner of KPMG) be and is hereby re-appointed as auditors of the company (the designated auditor meeting the requirements of section 90(2) of the Companies Act of South Africa), to hold office until the conclusion of the next annual general meeting of the company."

In order for this ordinary resolution number 10 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.

4.11 Ordinary resolution 11: authority to issue ordinary shares

"Resolved that the board of directors be and is hereby authorised by way of a general authority to issue at their discretion up to 15% (fifteen per cent (27 559 509 shares)) 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 JSE Limited and are subject to the JSE Listings Requirements, the Companies Act of South Africa and the following conditions, namely that:

4.11.1 this authority shall only be valid until the next annual general meeting of the company but shall not extend beyond 15 (fifteen) months from the date of this meeting;

4.11.2 the issue of the shares must be made to persons qualifying as public shareholders as defined in the JSE Listings Requirements;

4.11.3 the shares which are the subject of the issue:

4.11.3.1 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;

4.11.3.2 shall not exceed 5% (five per cent) of the number 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

4.11.3.3 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;

4.11.4 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

NOTICE OF ANNUAL GENERAL MEETING continued

ordinary shares on the JSE, 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

4.11.5 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 number 11 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 JSE Listings Requirements) present in person, or represented by proxy, at the annual general meeting is required.

4.12 Ordinary resolution 12: 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 number 12 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.

4.13 Special resolution 1: approval of directors' remuneration

"Resolved that the company be and is hereby authorised to pay remuneration to its directors for their services as directors, as contemplated in sections 66(8) and 66(9) of the Companies Act of South Africa, 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 a special resolution."

	Proposed fees					
Name of director	Annual fee R	Board R	Audit and risk committee R	Remuneration and nominations committee R	Social and ethics committee R	Investment committee R
Barend J Willemse	670 000	330 000	85 000	85 000	–	170 000
Gerard Swart	476 000	170 000	85 000	136 000	85 000	–
John D Mandy	408 000	170 000	153 000	85 000	–	–
Philippus J de W Tromp	119 390	66 328	–	–	53 062	–
Nicolaas C Tromp	66 328	66 328	–	–	–	–
Gerard Tromp*	–	–	–	–	–	–
Eckhart H Prozesky*	–	–	–	–	–	–

* *Executive directors are remunerated in accordance with a cost-to-company package, as set out in the Remuneration report on P 32 of the integrated annual report.*

Special resolution number 1 is required in terms of section 66 of the Companies Act of South Africa, which requires that directors' remuneration for their services as directors may be paid by a company only in accordance with a special resolution approved by shareholders within the previous two years.

In order for special resolution number 1 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.

The reason for this resolution is to obtain prior approval for the payment of the directors' remuneration and the effect will be that the directors are paid in accordance with this resolution.

4.14 Special resolution 2: general authority to repurchase shares

"Resolved that the company, in terms of its Memorandum of Incorporation (MOI), or one of its wholly owned subsidiaries, in terms of such wholly owned subsidiary's MOI, 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 Listings Requirements and the Companies Act of South Africa and subject to the following:

4.14.1 This general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this resolution (whichever period is shorter);

4.14.2 The repurchase being effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the company and the counterparty;

4.14.3 Repurchases may not be made at a price greater than 10% (ten per cent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;

4.14.4 An announcement being published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three per cent) of the initial number of ordinary shares, and for each 3% (three per cent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;

4.14.5 The number of shares which may be acquired pursuant to this authority in any one financial year may not in the aggregate exceed 20% (twenty per cent) of the company's issued share capital as at the date of passing of this special resolution or 10% (ten per cent) of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;

4.14.6 The company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period;

4.14.7 At any point in time the company only appointing one agent to effect any repurchases on its behalf;

4.14.8 The board of directors must pass a resolution that they authorised the repurchase and that the company passed the solvency and liquidity test set out in section 4 of the Companies Act of South Africa and that since the test was done there have been no material changes to the financial position of the group;

4.14.9 The directors, having considered the effects of the maximum repurchase permitted, are of the opinion that for a period of 12 (twelve) months after the date of the notice of the annual general meeting and at the actual date of the repurchase;

NOTICE OF ANNUAL GENERAL MEETING continued

4.14.10 the company and the group will be able, in the ordinary course of business, to pay its debts;

4.14.11 the working capital of the company and the group will be adequate for ordinary business purposes;

4.14.12 the assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the company and the group; and

4.14.13 the company's and the group's ordinary share capital and reserves will be adequate for ordinary business purposes."

Section 48 of the Companies Act of South Africa authorises the board of directors of a company to approve the acquisition of its own shares subject to the provisions of section 48 and section 46 having been met. The JSE Listings Requirements require 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 number 2 to become effective.

4.15 Special resolution 3: financial assistance to entities related or inter-related to the company, in terms of section 45 of the Companies Act of South Africa

"Resolved that, as a general approval, the company may, in terms of section 45(3)(a)(ii) of the Companies Act of South Africa, provide any direct or indirect financial assistance (financial assistance will herein have the meaning attributed to it in section 45(1) of the Companies Act of South Africa) to any related or inter-related company or to any juristic person who is a member of or related to any such company/ies (related and inter-related will herein have the meaning attributed to it in section 2 of the Companies Act of South Africa), subject to compliance with the remainder of section 45 of the Companies Act of South Africa, as the board of directors of the company may deem fit and on the terms and conditions, to the recipient/s, in the form, nature and extent and for the amounts that the board of directors of the company may determine from time to time."

The effect of special resolution number 3, 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 number 3 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.

5. Additional information

The following additional information, which may appear elsewhere in the integrated annual report, is provided in terms of the JSE Listings Requirements for purposes of the general authority to repurchase the company's shares set out in special resolution number 2 above:

5.1 Major shareholders – P 41;

5.2 Stated capital of the company – P 88.

6. Directors' responsibility statement

The directors in office, whose names appear on P 14, 15 and 40 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 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 JSE Listings Requirements.

7. Material changes

Other than the facts and developments reported on in the integrated 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 integrated 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 62(3)(e) of the Companies Act of South Africa:

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 Please note further that section 63(1) of the Companies Act of South Africa requires that the annual general meeting participants must provide satisfactory identification. In this regard, all annual general meeting participants will be required to provide identification satisfactory to the chairman of the annual general meeting.

9.3 All beneficial owners whose shares have been dematerialised through a Central Securities Depository Participant (CSDP), broker or nominee other than with "own name" registration, must provide the CSDP, broker or nominee with their voting instructions in terms of their custody agreement should they wish to vote at the annual general meeting. Alternatively, they may request the CSDP, broker or nominee to provide them with a letter of representation, in terms of their custody agreements, should they wish to attend the annual general meeting.

9.4 Unless you advise your CSDP, broker or nominee, in terms of the agreement between you and your CSDP, broker or nominee, by the cut-off time stipulated therein, that you wish to attend the general meeting or send a proxy to represent you at this general meeting, your CSDP, broker or nominee will assume that you do not wish to attend the special general meeting or send a proxy.

9.5 Forms of proxy (which form may be found enclosed) must be dated and signed by the shareholder appointing a proxy and must be received at the registered offices of the company, c/o Veritas Board of Executors Proprietary Limited, Nictus Building, corner of Pretoria and Dover Streets, Randburg (PO Box 2878, Randburg 2125) or the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown 2107). Forms of proxy must be received not later than 10:00 on Tuesday, 15 August 2017. Before a proxy exercises any rights of a shareholder at the annual general meeting, such form of proxy must be so delivered.

9.6 Attention is drawn to the "Notes" to the form of proxy.

9.7 The completion of a form of proxy does not preclude any shareholder attending the annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING continued

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 representative, 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 JSE 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.

11. Electronic participation at the annual general meeting

11.1 Should any shareholder of the company wish to participate in the annual general meeting by way of electronic participation, that shareholder shall be obliged to make application in writing (including details as to how the shareholder or its representative can be contacted) to so participate, to the transfer secretaries at the applicable address set out on P 129, at least 5 (five) business days prior to the annual general meeting in order for the transfer secretaries to arrange for the shareholder (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act of South Africa and for the transfer secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The company reserves the right not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the company will be borne by the shareholder so accessing the electronic participation.

11.2 Shareholders are encouraged to attend at the annual general meeting. Please note that, in terms of section 63(1) of the Companies Act of South Africa, meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the meeting. Forms of identification include valid identity documents, driver's licences and passports.

By order of the board

Nictus Limited

Veritas Board of Executors Proprietary Limited
Secretary

Randburg
20 June 2017

FORM OF PROXY

NICTUS LIMITED
(Nictus or the company)
(Incorporated in the Republic of South Africa)
Registration number RSA: 81/011858/06
Registration number NAM 781/11858
JSE share code: NCS
ISIN number: NA0009123481

To be completed by certificated shareholders and dematerialised 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 boardroom, Nictus Building, corner of Pretoria and Dover Street, Randburg (see map on P 136), on **Thursday, 17 August 2017** at **12:00** (SA 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 JSE Listings Requirements
1. **Ordinary resolution 1:** approval of minutes of previous annual general meeting				
2. **Ordinary resolution 2:** re-election of Gerard Swart as a director				
3. **Ordinary resolution 3:** re-election of John D Mandy as a director				
4. **Ordinary resolution 4:** re-election of Philippus J de W Tromp as a director				

FORM OF PROXY continued

	For	Against	Abstain	Precluded from voting in terms of the Companies Act or the JSE Listings Requirements
5. **Ordinary resolution 5:** approval of remuneration policy				
6. **Ordinary resolution 6:** re-election of John D Mandy as a member of the audit and risk committee				
7. **Ordinary resolution 7:** re-election of Barend J Willemse as a member of the audit and risk committee				
8. **Ordinary resolution 8:** re-election of Gerard Swart as a member of the audit and risk committee				
9. **Ordinary resolution 9:** re-appointment of John D Mandy as chairman of the audit and risk committee				
10. **Ordinary resolution 10:** re-appointment of KPMG as auditors				
11. **Ordinary resolution 11:** authority to issue ordinary shares				
12. **Ordinary resolution 12:** signing authority				
13. **Special resolution 1:** approval of directors' remuneration				
14. **Special resolution 2:** general authority to repurchase shares				
15. **Special resolution 3:** financial assistance to entities related or inter-related to the company, in terms of section 45 of the Companies Act of South Africa				

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 ____________________ 2017

Signature ____________________

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

NOTES TO THE FORM OF 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. All beneficial owners of ordinary shares who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker, other than those shareholders who have elected to dematerialise their shares with "own name" registrations, and all beneficial owners of ordinary shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions. Voting instructions must reach the CSDP, broker or nominee in sufficient time to allow the CSDP, broker or nominee to advise the company or its transfer secretaries of this instruction no less than 48 hours before the time appointed for the holding of the meeting. Should you as the beneficial owner, however, wish to attend the meeting in person, you may do so by requesting your CSDP, broker or nominee to issue you with a letter of representation in terms of the custody agreement entered into with your CSDP, broker or nominee. Letters of representation must be lodged with the company's transfer secretaries or at the

NOTES TO THE FORM OF PROXY continued

registered office of the company not less than 48 hours before the time appointed for the holding of the meeting. Shareholders who hold certificated shares with their own name and shareholders who have dematerialised their shares with "own name" registrations must lodge their completed proxy forms with the company's transfer secretaries or at the registered office of the company not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

10. 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, Nictus Building, corner of Pretoria and Dover Streets, Randburg, (PO Box 2878, Randburg 2125) or the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown 2107). Forms of proxy must be received not later than 10:00 on Tuesday, 15 August 2017.

Summary of rights established by section 58 of the Companies Act of South Africa (Companies Act), as required in terms of subsection 58(8)(b)(i)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).

2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 (section 58(2)).

3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).

4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy (proxy instrument) (section 58(3)(b)).

5. A copy of the proxy instrument must be delivered to the company, or to any other person acting on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the Memorandum of Incorporation (MOI) of the company at least 48 hours before the annual general meeting commences.

6. Irrespective of the form of instrument used to appoint a proxy:

6.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58(4)(a));

6.2 the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and

6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company (section 58(4)(c)).

7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 (section 58(5)).

8. If the proxy instrument has been delivered to a company, as long as that appointment remains in effect, any notice required by the Companies Act of South Africa or the company's MOI to be delivered by the company to the shareholder must be delivered by the company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the company to do so in writing and paid any reasonable fee charged by the company for doing so (section 58(6)(b)).

9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).

10. If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument:

10.1 the invitation must be sent to every shareholder entitled to notice of the annual general meeting at which the proxy is intended to be exercised (section 58(8)(a));

10.2 the invitation or form of proxy instrument supplied by the company must:

10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act of South Africa (section 58(8)(b)(i));

10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and

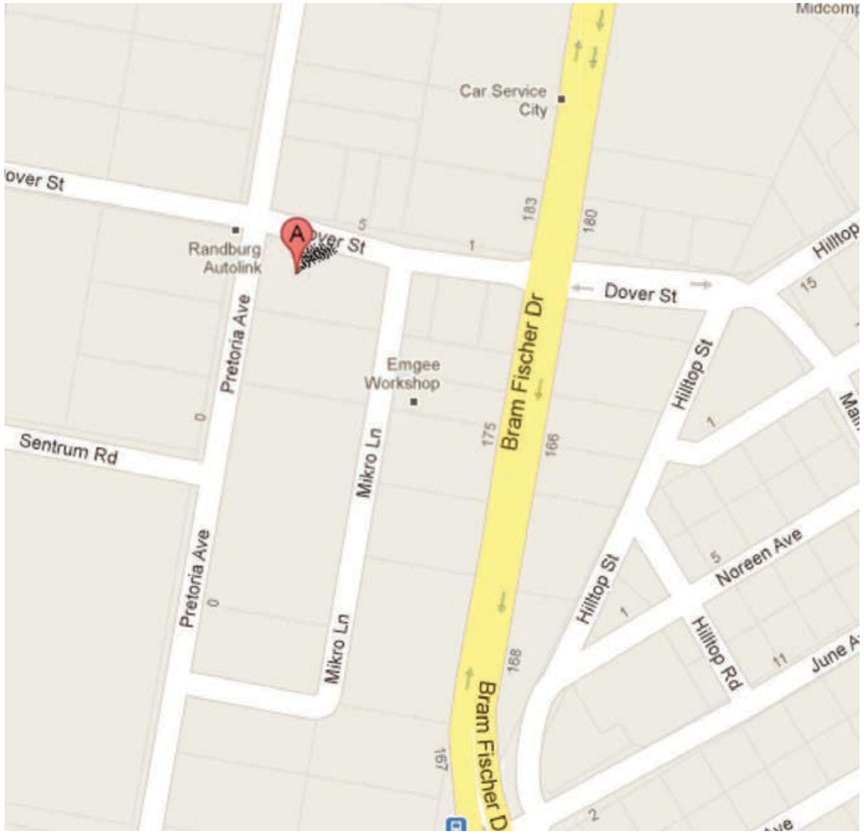
10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the annual general meeting, or is to abstain from voting (section 58(8)(b)(iii));

10.3 the company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and

10.4 the proxy appointment remains valid only until the end of the annual general meeting at which it was intended to be used, subject to paragraph 7 (section 58(8)(d)).

Dutch coffee table

MAP TO ANNUAL GENERAL MEETING



Nictus Building
Corner of Pretoria and Dover Street
Randburg, South Africa

ELECTRONIC RECEIPT OF COMMUNICATION AND NOTICES

Nictus Limited

(Nictus or the company)
(Incorporated in the Republic of South Africa)
Registration number RSA: 81/011858/06
Registration number NAM: 781/11858
JSE share code: NCS
ISIN number: NA0009123481

Dear shareholder

Election to receive electronic shareholder communications

Please note that in terms of the Companies Act of South Africa, as amended and the JSE Listings Requirements, you may elect to receive shareholder communications and notices from Nictus electronically.

If you make this election, you will be notified by e-mail when the company's shareholder communications become available and you will be able to access such communications through the internet. If you do not make this election, printed communications from the company will be posted to you at your registered address.

Full name of shareholder

Reference number*

Telephone numbers

(home) (office) (mobile)

* *Can be obtained from the envelope in which you received the 2017 summarised consolidated financial statements or please call Computershare Investor Services Proprietary Limited on telephone +27 11 370 5000 for details.*

E-mail address

I elect to receive notification electronically when the company's shareholder communications become available:

Signature Date

The completed form should be returned to Computershare Investor Services Proprietary Limited *via* post, fax or e-mail:

Fax number: +27 11 688 5200

E-mail: proxies@computershare.co.za

Post: Computershare Investor Services Proprietary Limited
PO Box 61051, Marshalltown 2107, South Africa

For enquiries please contact Computershare Investor Services Proprietary Limited
Telephone: +27 11 370 5000

NOTES

purple.frog

CONTACT INFORMATION

Nictus Limited

(Nictus or the company)
(Incorporated in the Republic of South Africa)
Registration number RSA: 81/011858/06
Registration number NAM: 781/11858
JSE share code: NCS
ISIN number: NA0009123481

www.nictuslimited.co.za

Registered office of the company

Head office

1st Floor, Nictus Building
Corner of Pretoria and Dover Street, Randburg

PO Box 2878, Randburg 2125

Windhoek office

Nictus Building, 1st floor
140 Mandume Ndemufayo Avenue
Windhoek

Private Bag 13231, Windhoek

Company secretary

Veritas Board of Executors Proprietary Limited

Registration number 1984/007487/07
1st Floor, Nictus Building
Corner of Pretoria and Dover Street, Randburg

PO Box 2878, Randburg 2125

Auditors and reporting accountant

KPMG Inc.

Registration number 1999/021543/21
KPMG Crescent
85 Empire Road, Parktown 2193

Private Bag 9, Parktown 2122