



NVEST FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Incorporated in the Republic of South Africa)

(Registration number 2008/015990/06)

("NVest" or "the Company" or "the Group")

ISIN Code: ZAE000199865 JSE Code: NVE

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2018 AND INTERIM DIVIDEND DECLARATION (NUMBER 8)

HIGHLIGHTS:

- Group Revenue increased by 10,7% to R 148,1 million (compared with R 133,8 million as at 31 August 2017) which was driven primarily by growth in the Private Wealth Management subsidiaries, despite tough market conditions.
- Group Net Profit After Tax increased by 11,1% to R 32,069,850 (R 28,887,973 as at 31 August 2017).
- Assets under Management and Administration increased by 5,2% to R30,6 billion compared with R29,1 billion as at 31 August 2017.
- Headline Earnings Per Share increased by 16,1 % from 9,40 cents to 10,91 cents on the back of good revenue growth and cost control.
- Declaration of an interim dividend (and eighth dividend as a listed company) of 5,5 cents per share reflecting a 10,0 % increase on the 5,00 cents dividend for the same period last year.

Statement of Financial Position

Figures in Rands	Unaudited 31 August 2018	Audited 28 February 2018	Unaudited 31 August 2017
Assets			
Non-Current Assets			
Property, plant and equipment	43,321,844	41,099,087	38,997,153
Investment property	305,779,149	308,338,397	308,738,912
Goodwill	87,008,312	87,438,936	86,996,053
Investment in associates	562,421	150,100	100
Deferred tax	2,955,941	1,909,073	1,355,220
Operating lease asset	7,602,947	7,654,398	7,861,237
Other financial assets	484,957	484,957	617,126
	447,715,571	447,074,948	444,565,801
Current Assets			
Loans to shareholders	36,361	120,381	200,022
Other financial assets	25,000,000	31,008,508	14,750,825
Operating lease asset	1,215,805	1,153,480	1,084,725
Current tax receivable	707,737	1,088,576	308,822
Trade and other receivables	28,971,518	30,807,328	22,904,701
Cash and cash equivalents	146,097,981	125,818,709	137,771,899
	202,029,402	189,996,982	177,020,994
Total Assets	649,744,973	637,071,930	621,586,795

Figures in Rands	Unaudited 31 August 2018	Audited 28 February 2018	Unaudited 31 August 2017
Equity and Liabilities			
Equity			
Share capital	324,779,200	324,779,200	324,779,200
Reserves	5,249,644	4,874,481	4,051,260
Retained income	104,963,431	91,437,240	76,563,574
Equity attributable to equity holders of parent	434,992,275	421,090,921	405,394,034
Non-controlling interest	1,460,925	2,053,817	2,314,534
	436,453,200	423,144,738	407,708,568
Liabilities			
Non-Current Liabilities			
Deferred tax	15,955,235	15,724,829	15,360,234
Other financial liabilities	135,769,596	142,233,919	148,760,012
	151,724,831	157,958,748	164,120,246
Current Liabilities			
Current tax payable	2,076,211	158,166	1,463,901
Other financial liabilities	12,462,929	11,819,600	11,257,076
Provisions	-	500,000	-
Trade and other payables	47,027,802	43,490,678	37,037,004
	61,566,942	55,968,444	49,757,981
Total Liabilities	213,291,773	213,927,192	213,878,227
Total Equity and Liabilities	649,744,973	637,071,930	621,586,795

Statement of Comprehensive Income

Figures in Rands	Six months Unaudited 31 August 2018	Six months Unaudited 31 August 2017
Revenue	148,074,478	133,798,582
Cost of sales	-55,127,706	-47,732,578
Gross profit	92,946,772	86,066,004
Other income	3,141,890	531,963
Operating expenses	-49,512,904	-45,103,218
Operating profit	46,575,758	41,494,749
Investment revenue	6,938,115	6,219,615
Fair value adjustment	-1,614,551	-
Finance costs	-6,962,258	-7,967,571
Profit before taxation	44,937,064	39,746,793
Taxation	-12,867,214	-10,858,820
Profit for the period ended	32,069,850	28,887,973
Other comprehensive income	375,163	-
Total comprehensive income	32,445,013	28,887,973
Total comprehensive income attributable to:		
Owners of the parent	32,065,858	28,369,405
Non-controlling interest	379,155	518,568
	32,445,013	28,887,973
Share information:		
Weighted average number of shares	302,741,722	302,741,722
Earnings per share (cents)	10,59	9,37
Headline earnings per share (cents)	10,91	9,40
Net asset value per share (cents)	143,68	133,91
Net tangible asset value per share (cents)	114,94	105,17

Statement of Cash Flows

Figures in Rands	Six months Unaudited 31 August 2018	Six months Unaudited 31 August 2017
Cash flows from operating activities		
Cash generated from operations	52,397,093	55,231,446
Interest received	6,319,568	5,537,428
Dividends received	618,547	682,187
Finance costs	-6,962,258	-7,967,571
Tax paid	-11,384,792	-10,422,506
Net cash from operating activities	40,988,158	43,060,984
Cash flows from investing activities		
Purchase of property, plant and equipment	-1,451,982	-863,068
Disposal of property, plant and equipment	20,433	-
Additional investments in current subsidiaries	-259,846	-1 259 552
Purchase of investment property	-	-778,388
Net cash acquired in business combination	-	-3,976,989
Purchase of investment in associate	-412,321	-
Purchase of other financial assets	-	-4,402,299
Disposal of investment property	-	18,220,578
Proceeds on disposal of financial assets	6,008,508	-
Net cash from investing activities	3,904,792	6,940,282
Cash flows used in financing activities		
Dividends paid to non-controlling interests	-712,200	-285,000
Proceeds from shareholders' loans repaid	84,020	389,317
Dividends paid	-18,164,504	-15,137,086
Net movement in other financial liabilities	-5,820,994	-12,647,776
Net cash used in financing activities	-24,613,678	-27,680,545
Total cash movement for the 6 months	20,279,272	22,320,721
Cash at the beginning of the 6 months	125,818,709	115,451,178
Total cash at end of the 6 months	146,097,981	137,771,899

Statement of Changes in Equity

	Total stated capital	Revaluation reserve	Share based payment reserve	Retained income	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
Balance at 1 March 2017	324,779,200	3,866,845	-	64,360,955	393,007,000	2,310,826	395,317,826
Share option expense	-	-	184,415	-	184,415	-	184,415
Acquisition from non-controlling interest	-	-	-	-1,029,692	-1,029,692	-229,860	-1,259,552
Total comprehensive income for the 6 months	-	-	-	28,369,405	28,369,405	518,568	28,887,973
Dividends	-	-	-	-15,137,086	-15,137,086	-285,000	-15,422,086
Balance at 31 August 2017	324,779,200	3,866,845	184,415	76,563,582	405,394,042	2,314,534	407,708,576
Total comprehensive income for the 6 months	-	597,291	225,930	30,677,491	31,500,712	385,442	31,886,154
Acquisition from non-controlling interest	-	-	-	-666,747	-666,747	-382,889	-1,049,636
Other	-	-	-	-	-	180,000	180,000
Dividends	-	-	-	-15,137,086	-15,137,086	-443,270	-15,580,356
Balance at 28 February 2018	324,779,200	4,464,136	410,345	91,437,240	421,090,921	2,053,817	423,144,738
Total comprehensive income for the 6 months	-	375,163	-	31,690,695	32,065,858	379,155	32,445,013
Acquisition from non-controlling interest	-	-	-	-	-	-259,846	-259,846
Dividends	-	-	-	-18,164,504	-18,164,504	-712,200	-18,876,704
Balance at 31 August 2018	324,779,200	4,839,299	410,345	104,963,431	434,992,275	1,460,926	436,453,201

SEGMENT ANALYSIS

The following information relates to segment financial information of the group:

31 August 2018				
Figures in Rand	Revenue	Profit Before tax	Assets	Liabilities
Insurance broking	10,787,501	1,571,912	8,450,955	1,961,597
Wealth management	134,966,367	34,442,449	115,493,089	56,819,202
Administration of estates and trusts	2,502,570	975,754	3,151,637	1,531,454
Property services	27,515,613	2,285,450	373,750,277	287,992,018
Investments	38,108,309	29,691,981	336,155,896	348,927
Intercompany eliminations	-65,805,882	-24,030,482	-187,256,881	-135,361,425
	148,074,478	44,937,064	649,744,973	213,291,773

31 August 2017				
Figures in Rand	Revenue	Profit before tax	Assets	Liabilities
Insurance broking	9,564,564	1,404,677	10,005,219	1,964,850
Wealth management	113,496,965	29,015,847	93,543,208	43,450,351
Administration of estates and trusts	1,161,841	67,031	2,814,728	1,232,206
Property services	27,875,537	3,760,513	387,274,361	306,163,539
Investments	28,255,633	24,491,170	317,475,732	1,530,112
Intercompany eliminations	-46,555,958	-18,992,445	-189,526,453	-140,462,831
	133,798,582	39,746,793	621,586,795	213,878,227

COMMENTARY

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies and method of measurement and recognition applied in the preparation of these condensed unaudited consolidated interim results are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the previous year ended 28 February 2018. The unaudited consolidated interim results are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports and the requirements of the Companies Act, 71 of 2008.

The unaudited consolidated interim results are presented in terms of the minimum disclosure requirements set out in International Accounting Standards ("IAS") 34 – Interim Financial Reporting, as well the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The results were prepared by an independent compiler, Professor Sean Weldon CA(SA) M Comm (Acc), in conjunction with the Financial Director, Mr Glenn Orsmond CA(SA).

Any reference to future financial performance included in this announcement has not been reviewed nor reported on by the Group's external auditors.

The directors of NVest ("the Board") take full responsibility for the preparation of the interim report.

RECONCILIATION OF HEADLINE EARNINGS PER SHARE

Figures in Rands	Group	
	Six months Unaudited 31 August 2018	Six months Unaudited 31 August 2017
Earnings attributable to equity holders of the parent	32,065,858	28,369,405
Fair value adjustments of investment property	1,614,551	-
Property revaluation gain	-375,163	-
Loss on disposal of property, plant and equipment	5,550	107,694
Taxation effect	-279,177	-30,154
Headline earnings attributable to equity holders of the parent	33,031,619	28,446,945
Per share information:		
Weighted average number of shares	302,741,722	302,741,722
Earnings per share	10,59	9,37
Headline earnings per share (cents)	10,91	9,40

FINANCIAL COMMENTARY

NVest has performed well during the period under review and has achieved a strong set of results despite challenging operating conditions. This performance is underpinned by double digit growth in Group Revenue (up by 10,7% compared with 31 August 2017) and Net Profit After Tax (up by 11,1% compared with 31 August 2017). There was also continued growth in Assets under Management and Administration which increased to R30,6 billion compared with R29,1 billion as at 31 August 2017. This growth has been driven primarily by the underlying performance of the core Private Wealth Management, Asset Management and Stockbroking subsidiaries within the Group which continue to attract assets and perform strongly. The internal integration of those assets across product and value propositions is also maturing and contributing to the overall profit numbers. Complementary business subsidiaries such as Short-Term Insurance and the Wills and Estates subsidiaries are performing to expectation and continue to provide valuable service propositions to clients. Operating margins have improved as a result of robust cost controls.

PROSPECTS

The Group continues to perform strongly and provides consistently attractive returns for shareholders despite turbulent operating and market conditions which present significant headwinds to the financial services and Private Wealth Management industry. This underlying performance bears testimony to the Group's business model, its diverse income streams and market position in its core revenue generating businesses.

The Group has positive operating cash flows and substantial capital reserves to leverage from and the Board and Management remain committed to investing in the organic and acquisitive growth of the Group to create a sustainable, long-term business which generates meaningful returns for all its stakeholders.

The acquisitive growth agenda of the Group remains a priority. Focus in this regard will be on strengthening market share and distribution channels and footprint of existing business operations as well as diversification opportunities within the broader financial services sector.

CHANGES TO THE BOARD

The following changes were made to the Board of Directors during the period under review and to the date of this report:

- Christopher Grant Lemmon was appointed to the Board in the capacity of Executive Director with effect from 1 March 2018.
- Brendan Joseph Connellan was appointed to the Board in the capacity of Executive Director with effect from 20 August 2018
- Glenn Wayne Orsmond was appointed to the Board in the capacity of Financial Director with effect from 1 September 2018 (after the reporting period).

DIVIDEND DECLARATION

The Board has declared an interim dividend (Number 8) of 5,50 cents per share, which amounts to ~~55%~~50.4% of headline earnings. The dividend is declared out of income reserves of the Group. The dividend will be subject to a dividend withholding tax rate of 20% or 1.10 cents per ordinary share. Shareholders, unless exempt or qualifying for a reduced withholding tax rate, will receive a net dividend of 4.40 cents per share. NVest's tax reference number is 9053981180.

The number of ordinary shares which will be eligible for the dividend at the declaration date is 302 741 722. The salient dates for the dividend will be as follows:

	2018
Last date to trade "cum" dividend	Tuesday, 11 December
Shares commence trading "ex" dividend	Wednesday, 12 December
Record date (date shareholders recorded in share register)	Friday, 14 December
Payment date	Tuesday, 18 December

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 12 December 2018 and Friday 14 December 2018, both dates inclusive.

For and on behalf of the Board

Anthony Godwin
Chief Executive Officer

Glenn Orsmond CA(SA)
Financial Director

East London

20 November 2018

Executive Directors:

Anthony Godwin (Chief Executive Officer)
Glenn Orsmond (Financial Director)
Brendan Connellan (Executive Director)
Michael Estment (Executive Director)
Christopher Lemmon (Executive Director)

Non-executive Directors:

Jonathan Goldberg# (Chairperson)
Siviwe Kwatsha#
Lana Weldon#
Dylan Schemel
- **independent**

Company Secretary:

Brendan Connellan

Designated Advisor:

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Transfer Secretaries:

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