



# NICO HOLDINGS LIMITED

(Registration number 1377)  
("Nico" or "the Company")

## CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

CONSOLIDATED INCOME STATEMENT	12 Months	12 Months
	ended 31/12/2006 MK'000	ended 31/12/2005 MK'000 Restated
Gross revenue	7,229,485	5,330,768
Operating Expenses	(2,622,204)	(1,902,934)
Management Expenses	(2,311,401)	(1,958,370)
<b>Profit before impairment and future policy holders benefits</b>	<b>2,295,880</b>	<b>1,469,464</b>
Impairment of assets	-	(125,250)
Future policy holders benefits	(1,203,363)	(907,292)
<b>Profit before income tax</b>	<b>1,092,517</b>	<b>436,922</b>
Income tax expense	(273,002)	(89,288)
<b>Profit after income tax expense</b>	<b>819,515</b>	<b>347,634</b>
Attributable to Minority interest	52,866	36,284
Attributable to shareholders of the parent	766,649	311,350
	<b>819,515</b>	<b>347,634</b>
Dividend Paid	(150,000)	(225,000)
Basic and Diluted Earnings per share (Tambala)	73.50	29.85
Dividend paid per share (Tambala)	14.38	21.57
Number of shares in issue ('000)	1,043,041	1,043,041
<b>CONSOLIDATED BALANCE SHEET</b>	<b>MK'000</b>	<b>MK'000</b>
<b>ASSETS EMPLOYED</b>	<b>23,240,212</b>	<b>17,061,760</b>
Property Plant and equipment	1,774,587	1,682,557
Investment properties	1,109,544	1,007,973
Inventories	55,695	41,742
Other investments and loans receivable	14,348,017	10,395,756
Trade and other receivables	3,196,418	2,278,048
Cash and cash equivalents	2,755,951	1,655,684
<b>LIABILITIES</b>	<b>(20,569,017)</b>	<b>(15,098,809)</b>
Life assurance and pension funds	(8,098,255)	(5,889,819)
General insurance funds	(1,250,044)	(582,236)
Bank overdrafts	(109,742)	(110,955)
Interest-bearing loans and borrowings	(128,608)	(55,464)
Trade and other payables	(2,510,691)	(1,905,457)
Deferred tax liabilities	(247,791)	(115,599)
Deposits and customer accounts	(8,223,886)	(6,439,279)
<b>NET ASSETS</b>	<b>2,671,195</b>	<b>1,962,951</b>
<b>FINANCED BY</b>		
<b>Shareholders funds</b>	<b>2,671,195</b>	<b>1,962,951</b>
Issued share capital	52,152	52,152
Reserves	2,346,767	1,706,142
Minority interest	272,276	204,657
<b>TOTAL FUNDS</b>	<b>2,671,195</b>	<b>1,962,951</b>
<b>Total equity, minority interest and liabilities</b>	<b>23,240,212</b>	<b>17,061,760</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>MK'000</b>	<b>MK'000</b>
<b>Operating activities</b>		
Cash receipts from customers	5,485,089	3,997,946
Cash payments to clients, employees and suppliers	(3,593,332)	(4,603,176)
Income taxes paid	(87,686)	(160,574)
Cash flows from operating activities	1,804,071	(765,804)
Cash flows from investing activities	(406,237)	1,292,680
Cash flows from financing activities	(296,354)	(299,757)
Net increase in cash and cash equivalents	1,101,480	227,119
Cash and cash equivalents at 1 January	1,544,729	1,317,610
<b>Cash and cash equivalents at 31 December</b>	<b>2,646,209</b>	<b>1,544,729</b>
<b>ADDITIONAL STATUTORY INFORMATION</b>		
Increase/(Decrease) in net working capital	<b>1,391,891</b>	<b>(1,532,701)</b>

### Overview

The performance of the Group in 2006 is satisfactory. Gross revenues grew by 35% from MK5.3 billion to MK7.2 billion. Profit Before Future Policy Holder Benefits increased by 71% from MK1.3 billion to MK2.3 billion. Profit Before Tax increased by 150% from MK437 million to MK1,093 million. This success is underpinned by the groups core strategy to grow the top line while improving the quality of earnings by focusing on both quality of business we bring on our books and expense management. The results reflect that our clients are satisfied with the services the group's offering.

### General Insurance

The General insurance premiums have grown by 85%. This exceptional growth is coming from our regional operations in Tanzania, Uganda and Zambia. All General Insurance subsidiaries registered satisfactory results except NICO Uganda that registered a loss. However the loss was significantly lower than that registered in 2005. The challenge for NICO Uganda is to grow the premium income to critical mass level. Management has put in place strategies aimed at achieving this critical mass. This is an opportunity area for improving the performance of the general insurance operations further.

### Life Insurance and Pensions

The life insurance and pensions business continued to register excellent performance that has surpassed both budget and previous year. Compared to 2005, Life Insurance and pensions premium grew by 45%. This is a manifestation of management's understanding of clients needs. Significant resources continue being applied towards improving systems.

### Banking

In 2006 we continued to grow the banking business both in terms of advances and deposits while loosening the legacy rigidities of the balance sheet of the bank. A critical feature of the banking sector in Malawi is stiff competition that in 2006 has been exacerbated by falling interest rates. The bank stood up well against all these forces and managed to increase its profit before tax by 85%. Despite this excellent result, we believe the bank is still underperforming if one looks at the infrastructure that the bank has put in place in terms of human-ware, branch network and systems. Thus the banking business remains a serious growth area for the Group.

### Investments

The investment portfolio of the group once again demonstrated its robust and resilience nature by registering a return that is above both budget and previous year despite falling interest rates that have generally prevailed in all our operating markets. In the investment and treasury area, the group has unique opportunities that it has used and will continue to use to creating value for the benefit of its stakeholders.

### Regional Growth Strategy

Regional growth continues to be the strategy for growing our businesses. Apart from going into new markets, there are opportunities for Life and Pensions business operations to be introduced in countries in where we have already established general insurance operations.

### Prospects

The economies of countries where we are operating continue on their stability trend. Capacity across the group in terms of manpower and systems is being strengthened. These factors combined give a basis for Management to have a very positive view about the Group's performance in 2007 and beyond.

### Dividend

To date, the company has paid two interim dividends of MK75 million (7 tambala per share) and MK50 million (5 tambala per share). During its meeting on 4th April 2007 the Board resolved to recommend a final dividend of MK100 million (10 tambala per share). This brings the total dividend out of 2006 profits to MK225 million (22 tambala per share) compared to MK200 million (19 tambala per share) paid out of 2005 profits.

G A Jaffu F L Mlusu

Chairman Managing Director.

4th April 2007  
Registered Office  
NICO House  
3 Stewart Street  
Blantyre.



### AUDITOR'S REPORT TO THE MEMBERS OF NICO HOLDINGS LIMITED AND ITS SUBSIDIARIES

We have audited the consolidated financial statements of NICO Holdings Limited and its subsidiaries (the Group) for the year ended 31 December 2006 from which the accompanying summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 4 April 2007 we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.

In our opinion, the summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Group's financial position and the results of its operations for the year and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which they were derived and our full audit report thereon.

KPMG

Certified Public Accountants and Business Advisors  
Blantyre, Malawi

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April

2007