



# NICO HOLDINGS LIMITED

(Registration number 1377)

("Nico" or "the Company")

## CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

### SUMMARISED INCOME STATEMENT

|   | 12 Months<br>Ended<br>31/12/03<br>(audited)<br>K'000 | Restated<br>12 months<br>Ended<br>31/12/02<br>(audited)<br>K'000 |
|---|--|--|
| <b>Gross Revenue</b>                            | <b>4,315,005</b>                                     | <b>3,476,300</b>   |
| General Insurance premiums                      | 1,187,357  | 1,112,280  |
| Life assurance and pension premium              | 498,670  | 521,491  |
| Deposits and mortgage business                  | 1,166,964  | 788,965  |
| Investment and other income                     | 1,462,014  | 1,053,564  |
| Operating profit / (loss)                       | 95,318   | 155,352  |
| Net investment income                           | 1,335,089  | 998,230  |
| <b>Profit/Surplus before exceptional item</b>   | <b>1,430,407</b>                                     | <b>1,153,582</b>   |
| Exceptional item                                | 56,405   | 29,038   |
| <b>Transfer to Life reserves</b>                | <b>(738,621)</b>                                     | <b>(595,188)</b>   |
| <b>Profit before taxation</b>                   | <b>748,191</b>                                       | <b>587,432</b>   |
| Taxation  | (116,683)  | (68,952)   |
| <b>Profit after taxation</b>                    | <b>631,508</b>                                       | <b>518,480</b>   |
| (Profit)/Loss attributable to minority interest | (71,421)   | (81,568)   |
| Profit attributable to shareholders             | 560,087  | 436,912  |
| Dividend paid                                   | (120,000)  | (70,000)   |
| <b>Retained profit</b>                          | <b>440,087</b>                                       | <b>366,912</b>   |
| Earnings per share (tambala)                    | 0.54   | 0.42   |
| Listed Price to Book Value per share (%)        | 62%  | 29%  |
| Dividend per share (tambala) paid               | 11.50  | 6.71   |

### BALANCE SHEET

|                           | K'000              | K'000              |
|---------------------------|--------------------|--------------------|
| <b>ASSETS EMPLOYED</b>    | <b>10,423,665</b>  | <b>6,801,580</b>   |
| Goodwill                  | 4,302              | 5,736              |
| Fixed assets              | 671,081            | 439,584            |
| Investments               | 6,338,706          | 3,935,385          |
| Insurance receivables     | 664,365            | 493,481            |
| Mortgage & other advances | 804,315            | 715,333            |
| Other receivables         | 305,219            | 493,673            |
| Tax recoverable           | -                  | 12,845             |
| Cash and bank             | 1,635,677          | 705,543            |
| <b>LIABILITIES</b>        | <b>(5,537,090)</b> | <b>(3,185,359)</b> |
| Reinsurance payables      | (140,269)          | (124,337)          |
| Technical reserves        | (605,311)          | (567,273)          |
| Savings & other deposits  | (4,368,079)        | (2,294,041)        |
| Taxation                  | (32,803)           | -                  |
| Other payables            | (278,637)          | (163,177)          |
| Bank Overdraft            | (111,991)          | (36,531)           |
| <b>NET ASSETS</b>         | <b>4,886,575</b>   | <b>3,616,221</b>   |

### FINANCED BY

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| <b>Ordinary Shareholders' funds</b>  | <b>1,430,218</b> | <b>919,332</b>   |
| Share capital (1.043 billion shares) | 52,152           | 20,000           |
| Reserves                             | 1,378,066        | 899,332          |
| Minority interest                    | 195,737          | 171,202          |
| Life assurance and pension funds     | 3,157,319        | 2,418,698        |
| Loans                                | 47,483           | 53,031           |
| Deferred tax                         | 55,818           | 53,958           |
| <b>TOTAL FUNDS</b>                   | <b>4,886,575</b> | <b>3,616,221</b> |

### Note

Number of shares in issue increased from 100 million in 2002 to 1.043 billion in 2003 after additional issue of 4.3 million shares, a bonus issue of 3 for 2 and a share split of 1 for 4. As a result, earnings per share for 2002 has been restated based on 1.043 billion shares.

### CASHFLOW STATEMENT

|  | K'000       | K'000       |
|--|-------------|-------------|
| <b>Operating activities</b>                            |             |             |
| Cash receipts from customers                           | 1,584,189   | 1,453,661   |
| Cash payments to clients, employees and suppliers      | (1,349,326) | (1,203,808) |
| Income taxes paid                                      | (68,522)    | (52,781)    |
| Cash flow from operating activities                    | 166,341     | 197,072     |
| Cash flow from investing activities                    | 793,612     | 461,047     |
| Cash flow from financing activities                    | (105,279)   | (56,381)    |
| Net increase in cash and cash equivalents              | 854,674     | 601,738     |
| Cash and cash equivalents at the beginning of the year | 669,012     | 67,274      |
| Cash and cash equivalents at the end of the year       | 1,523,686   | 669,012     |

### OVERVIEW

Group operations for the year resulted in profit after tax and minority interest, of K560 million compared to K437 million for the corresponding period last year. The comparative figures have been restated with the capital restructuring which saw the issue of 4.3 million additional shares, a bonus issue of 3 for 2, a share split of 1 for 4 and the disposal of Nicorp and Nicorp Securities.

The general insurance business in Malawi suffered mainly from non payment of premiums as a result of which additional provisions against bad and doubtful debts have been made. Growth in Premium income also came under pressure from competition and the ailing economy. The underwriting result however registered a 180% increase from K20million to K56 million because of strict risk selection strategy which substantially improved the quality of the portfolio and consequently improved loss ratio.

The result on the underwriting account for General Insurance in Zambia showed marginal reduction from last year. This was as a result of a relatively stagnant state of the Zambian economy with lack of new business growth opportunities. The company also suffered from non payment of premiums against which additional provisions for bad and doubtful debts were made. However, the overall position is anticipated to improve significantly in the coming years. The operations will be distributing the first ever dividend this year and this trend is expected to continue.

NICO Life Insurance is yet to regain lost business due to major business closures and job losses the economy registered in 2002 and prior years. Individual life business however registered commendable growth. The result being achieved under the current difficult economic environment is seen as satisfactory. The actuary certifies the solvency and soundness of the fund

NICO Technologies Limited did not do as well as we expected primarily because of the state of the economy and stiff competition in this line of business. Business volumes are yet to reach critical levels to break even. However the company's support to the group through IT services is significant.

New Building Society continues to play an important role in the profitability of the group. Its performance however was affected by the weak economic fundamentals. Mortgage business stagnated as would-be borrowers found it prohibitively expensive to borrow at the prevailing interest rates. Deposits however grew significantly compared to last year from K2.3 billion to K4.4 billion. Against this background the overall result improved from K247 million to K301 million. Plans to convert the society into a commercial bank are well on course.

Overall, all the companies have performed well resulting in earnings per share for the Group of K0.54 compared to K0.42 for the corresponding period last year, representing an increase of 29%.

### PROSPECTS

Prospects for the Group for the future look good and encouraging. Group's regional expansion strategy is still on course. Separate announcements on developments are anticipated within the first half of 2004.

### DIVIDEND

An interim dividend of K50 Million or 4.8 Tambala per share was paid in 2003. A further interim dividend of 75 Million or 7.2 Tambala per share has been announced to be paid in April 2004. At the forth coming annual general meeting, the directors intend to propose a final dividend of K 25 Million bringing the total dividend for 2003 to K150 Million or 14 Tambala per share (2002 K100 million or 9.6 Tambala per share).

### ON BEHALF OF THE BOARD:

G.A. JAFFU - CHAIRMAN

F.L. MLUSU - MANAGING DIRECTOR

30<sup>th</sup> March 2004  
Registered office:  
NICO House  
3 Stewart Street  
Blantyre