



# NICO HOLDINGS LIMITED

(Registration number 1377)

## EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

### GROUP INCOME STATEMENT

	31-Dec-07 MK'million	31-Dec-06 MK'million Restated*
<b>Gross revenue</b>	<b>11,219</b>	<b>9,155</b>
<b>Operating income</b>	<b>9,001</b>	<b>7,229</b>
Operating Expenses	(3,015)	(2,622)
Management Expenses	(3,035)	(2,381)
<b>Profit before future policy holders benefits</b>	<b>2,951</b>	<b>2,226</b>
Future policy holders benefits	(1,237)	(1,203)
<b>Profit before income tax</b>	<b>1,714</b>	<b>1,023</b>
Income tax expense	(265)	(236)
<b>Profit for the year</b>	<b>1,449</b>	<b>787</b>
Attributable to Minority interest	117	42
Attributable to shareholders of the parent company	1,332	745
	<b>1,449</b>	<b>787</b>
Dividend Paid	(194)	(150)
Earnings per share (Tambala)	127.71	71.46
Dividend paid per share (Tambala)	18.63	14.38
Number of shares in issue ('000)	1,043,041	1,043,041
<b>GROUP BALANCE SHEET</b>	<b>MK'million</b>	<b>MK'million</b>
<b>ASSETS EMPLOYED</b>	<b>35,168</b>	<b>23,240</b>
Property, plant and equipment	2,400	1,775
Investment properties	1,339	1,110
Inventories	72	56
Other investments and loans receivable	19,997	14,348
Trade and other receivables	6,462	3,195
Cash and cash equivalents	4,898	2,756
<b>LIABILITIES</b>	<b>31,844</b>	<b>21,145</b>
Life assurance and pension fund	11,837	8,111
General insurance funds	1,840	1,250
Bank overdrafts	60	110
Interest-bearing loans and borrowings	994	127
Trade and other payables	6,375	3,112
Deferred tax liabilities	70	211
Deposits and customer accounts	10,668	8,224
<b>EQUITY</b>	<b>3,324</b>	<b>2,095</b>
Issued share capital	52	52
Reserves	2,785	1,782
Minority interest	487	261
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>35,168</b>	<b>23,240</b>
<b>GROUP STATEMENT OF CASH FLOWS</b>	<b>MK'million</b>	<b>MK'million</b>
<b>Operating activities</b>		
Cash receipts from customers	7,562	5,485
Cash payments to clients, employees and suppliers	(5,701)	(3,593)
Income taxes paid	(82)	(88)
Cash flows from operating activities	1,779	1,804
Cash flows from investing activities	(474)	(406)
Cash flows from financing activities	887	(296)
Net increase in cash and cash equivalents	2,192	1,102
Cash and cash equivalents at 1 January	2,646	1,544
<b>Cash and cash equivalents at 31 December</b>	<b>4,838</b>	<b>2,646</b>
<b>ADDITIONAL STATUTORY INFORMATION</b>		
Increase in net working capital	<b>2,629</b>	<b>1,404</b>

### OVERVIEW

The performance of the Group in 2007 is satisfactory. Gross revenues grew by 23% from MK9.2 billion to MK11.2 billion. Profit before transfer of policyholders future benefits increased by 33% from MK2.2 billion to MK3.0 billion. Profit before tax jumped by 68% from K1.0 billion to K1.7 billion. This performance is underpinned by the Group's strategy to improve earnings by growing the topline with quality business.

### GENERAL INSURANCE

General insurance business achieved remarkable performance. Premiums grew significantly by 40% over the corresponding period. This exceptional growth is due to our focused and aggressive marketing in all our markets.

Challenges in terms of dealing with fraud claims, debtors' management, underinsurance among others are receiving top priority. Regardless of the foregoing, all our markets offer great opportunities for growth.

### LIFE INSURANCE

Life insurance and pensions business continues to register excellent performance. Premiums grew by 36% attributable to continued good customer service and targeted aggressive marketing.

For its continued growth and sustainable policyholders' future benefits, significant resources continue to be applied towards market growth, investment management and systems improvements.

### BANKING

The business of the Bank continues to grow both in terms of deposits and advances resulting in growth of our market share. The deposits grew by 29% while lending book grew by 38%. During the year NBS Bank Limited listed on the Malawi Stock Exchange. In view of its high profile and good future prospects for growth, the IPO was oversubscribed by 9 times.

In the year, the Bank concluded two agreements with NORSAD and IFC to manage US\$5 million and US\$3 million lines of credit for medium term project finance and, for on lending to the SME sector respectively.

The Bank's growth prospects continue to look good. Meanwhile, it is busy repositioning itself in pursuit of its policy of taking banking to the people.

### INVESTMENTS

The investment portfolio of the Group continue to demonstrate its robust and resilient nature by registering impressive performance despite falling interest rates. In this area, the Group has unique opportunities for creating value for its stakeholders.

### REGIONAL GROWTH STRATEGY

Regional growth continues to be our strategic growth avenue in term of both new and existing markets.

### PROSPECTS

The economies of the markets in which we are operating continue on their growth and stability trend. Capacity across the Group in terms of manpower and systems is being strengthened. These factors among others, give us a basis for a positive view about the Group's performance in 2008 and beyond.

### DIVIDEND


In addition to the interim dividend of MK90 million (8.6tambala per share), the Board at its meeting of April 11, 2008 resolved to recommend a final dividend of MK160 million (15.4tambala per share). This brings the total dividend out of 2007 profits to MK250 million (24 tambala per share) compared to MK225 million (22 tambala per share) paid out of 2006 profits.

**G.A. Jaffu**  
Chairman

**F.L. Mlusu**  
Managing Director

11th April 2008  
Registered Office  
NICO House  
3 Stewart Street  
Blantyre

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

We have audited the consolidated financial statements of NICO Holdings Limited (the Group) for the year ended 31 December 2007 from which the accompanying summary statements were derived, in accordance with International Standards on Auditing.  11 April 2008 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  
11 April 2008