

AUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017



(Registration Number 1377)
("Nico" or "The Company")

	GROUP			SEPARATE	
	31-Dec-17 Audited Mk'million	31-Dec-16 Audited Mk'million	31-Dec-15 Audited Mk'million	31-Dec-17 Audited Mk'million	31-Dec-16 Audited Mk'million
SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Restated	Restated		
Revenue	132,075	101,779		1,817	1,476
Dividend Income	2,436	1,728		2,403	2,379
Share of profit from associated companies	(15)	28		(15)	28
Depreciation	(1,895)	(1,212)		(50)	(49)
Interest on loan	(296)	(40)		(249)	(18)
Operating Expenses	(45,371)	(40,669)		(1,642)	(1,700)
Management Expenses	(24,029)	(32,200)			
Long-term policy holders benefits	(46,426)	(28,019)			
Profit before income tax	16,479	1,395		2,264	2,116
Income tax expense	(5,356)	(2,799)		(111)	(141)
Profit for the year	11,123	(1,404)		2,153	1,975
Attributable to non-controlling interest	5,304	(588)		-	-
Attributable to shareholders of the parent company	5,819	(816)		2,153	1,975
	11,123	(1,404)		2,153	1,975
Other Comprehensive Income					
Items that will never be reclassified to profit or loss					
Revaluation of property and equipment	368	211	-	-	-
Items that are or may be reclassified to profit or loss					
Profit/Loss on available for sale assets	743	(179)		380	(134)
Translation difference on foreign subsidiary	(47)	(248)		-	-
Total Other comprehensive income for the year	1,064	(280)		380	(134)
Deferred tax on other comprehensive income	8	(54)			
Total other comprehensive income for the year after tax	1,072	226			
Total comprehensive income for the year	12,195	(1,178)		2,533	(1,841)
Attributable to:					
Attributable to non-controlling interest	5,644	(491)		-	-
Attributable to shareholders of the parent company	6,551	(687)		2,533	1,841
	12,195	(1,178)		2,533	1,841
Dividend Paid to shareholders of the parent company	(939)	(626)		(939)	(626)
Earnings per share (Tambala)	558	(78)			
Dividend paid per share (Tambala)	90	60		90	60
Number of shares in issue ('000)	1,043,041	1,043,041		1,043,041	1,043,041
SUMMARY STATEMENTS OF FINANCIAL POSITION					
ASSETS	385,920	290,248	244,870	11,805	6,686
Property and equipment	7,311	6,984	6,647	75	47
Intangible assets	4,645	6,414	5,834	12	37
Investment in associate companies	1,182	1,197	1,169	1,182	1,197
Investment in government securities	30,210	20,045	13,660		
Investment in subsidiaries	66,937	48,133	43,468	7,486	1,420
Investment in equity shares				735	355
Investment in shares and income notes	13,145	8,753	9,394		
Investment properties	9,613	6,909	6,297	81	51
Inventories	164	255	201	-	-
Other investments and loans receivable	128,850	85,608	50,137		
Trade and other receivables	75,419	64,071	61,291	584	3,174
Deferred tax assets	3,793	3,128	783		
Cash and cash equivalents	44,651	38,751	45,989	1,650	405
LIABILITIES	342,183	260,946	211,857	4,187	662
Trade and other payables	63,662	43,484	32,160	513	630
Deposits and customer accounts	74,762	63,934	60,889	-	-
Unearned Premium Reserve (UPR)	11,596	10,420	8,323		
Interest-bearing loans and borrowings	3,916	3,837	3,006	3,674	32
Deferred tax liabilities	5,293	2,743	977		
Long-term policyholders liabilities	182,954	136,528	106,502	-	-
EQUITY	43,737	29,302	33,013	7,618	6,024
Issued share capital	52	52	52	52	52
Reserves	22,484	17,329	18,591	7,566	5,972
Non-controlling Interest	21,201	11,921	14,370	-	-
TOTAL EQUITY AND LIABILITIES	385,920	290,248	244,870	11,805	6,686
SUMMARY STATEMENTS OF CHANGES IN EQUITY					
Balance at beginning of the year	29,302	33,117		6,024	4,809
Net profit for the year	11,123	(1,404)		2,153	1,975
Other Comprehensive Income	1,072	226		380	(134)
Total Comprehensive Income	41,497	31,939		8,557	6,650
Dividend Paid	(2,869)	(2,731)		(939)	(626)
Other transactions with owners of company	5,109	94			
Balance as at end of the year	43,737	29,302		7,618	6,024
SUMMARY STATEMENT OF CASH FLOWS					
Operating Activities	66,984	66,612		1,044	1,356
Cash Receipts from customers	(36,609)	(51,189)		(1,672)	(1,701)
Cash payments to clients, employees and suppliers	(5,278)	(3,354)		(270)	(284)
Income taxes paid	25,097	12,069		(898)	(629)
Cash flows from/(to) operating activities	(21,142)	(17,593)		(293)	(193)
Cash flows to/(from) investing activities	1,993	(1,956)		2,438	(808)
Cash flows to financing activities	5,948	(7,480)		2,247	(1,244)
Net (decrease) increase in cash and cash equivalents	38,751	45,989		405	1,648
Cash and cash equivalents as at 1 January	(48)	242		(2)	1
Effects of changes in exchange rates and control					
Cash and cash equivalents at 31 December	44,651	38,751		1,650	405
Supplementary information					
Capital Expenditure for the period	3,400	3,200		53	26
Capital expenditure committed	2,368	1,914			
Contingent liabilities	5,000	4,500			

OVERVIEW

We are pleased to report on the audited consolidated results of NICO Holdings plc and its subsidiary and associate companies for the year ended 31 December 2017.

NATURE OF ACTIVITIES

NICO Group operates in Insurance, Banking and Asset Management industries. NICO Group through its businesses also owns substantial investments in real properties, listed and unlisted equity investments that transcend across the Malawi economy. The Group carries out its business through subsidiary companies in Malawi and Zambia, and through associate companies in Tanzania, Uganda and Mozambique.

GROUP RESULTS

Gross revenue for the year increased by 30% to MK 134.4 billion compared to MK 103.5 billion for 2016. Profit before tax increased by an impressive 1081% to MK 16.4 billion compared to restated profit of MK 1.3 billion for 2016 (performance growth before restatement is 126%). Total Profit after tax increased impressively to MK 11.1 billion compared to a restated loss of MK 1.4 billion for 2016 (performance growth before restatement is 307%). The growth in profitability is due to remarkable performance in our general and life insurance, and asset management businesses and improvement in the performance of the banking business. The results were also boosted by strong equity market performance. The prior year comparatives were restated due to a prior year adjustment relating to loan impairment losses in our banking business.

SEGMENTAL PERFORMANCE

General Insurance

The performance of the general insurance business in Malawi was satisfactory and registered significant growth in profit in the current year. The performance of the business in Zambia was profitable, but was affected by delays in payment of premium debt by clients. Premium income for the general insurance business increased by 14% for the year, driven by growth from NICO General in Malawi. Claims expenses in both the Malawi and Zambia operations were satisfactory. NICO continues to offer unique customer centric products in both Malawi and Zambia such as Mtezi in Malawi targeting tobacco farmers and a Legal expenses policy in Zambia targeting SME's and individuals.

The associate company in Uganda registered significant growth in revenue. The performance of the associate company in Tanzania was negatively affected by the impairment of premium receivables.

Life Insurance

Overall, the performance of NICO Life was satisfactory and it registered satisfactory growth in profit in the current year. Premium increased by 20% over the same period last year. The business experienced growth in claims benefits payment arising from increased pension payroll, refund of pension contributions and death benefits.

In our continued quest to serve customers better and to exceed their expectations, NICO Life has introduced an innovative Group Funeral product on the market, "Dekhani" to cover corporates and other groupings. The "Dekhani" funeral product is unique in that it offers clients a service where claims are settled instantly upon death being reported. NICO Life has partnered with Goodwill Funeral Services, who have been engaged to provide the service. The product was introduced to complement the traditional funeral policy that is already available to clients.

The associate company in Mozambique registered satisfactory growth in both revenue and profit in the year.

Banking

The activities of NBS Bank plc in the year were dominated by capital raising, improving staff efficiencies and enhancing customer service delivery.

It is pleasing to note that the bank successfully raised MK 11.8 billion in the rights issue that concluded in July 2017.

The bank entered into a technical services agreement with Rabobank of the Netherlands. This is ensuring that the bank is now accessing technical support from a bank of World repute. The support that the bank is accessing from Rabobank includes amongst others on transformation activities and change management.

We are convinced that the initiatives that we have undertaken at the bank will ensure that we offer a service that meets the needs and expectations of our clients. It is therefore pleasing to report that the bank is now registering profit every month from July 2017. Overall, the bank is in a loss situation at the end of the year as a result of the loss incurred up to June 2017. However, the loss that the bank has registered in the year is significantly lower than that in 2016.

The bank offers a broad range of services and products that are aimed at meeting both corporate and individual clients. Some of the products that the bank offers are mortgage finance, visa credit cards, tailor made savings accounts to mention a few. The bank has recently introduced the "Kuwala" product aimed at financing individuals to procure solar powered solutions for their domestic use.

As the trusted provider of banking solutions to the Malawi market for over 50 years, NBS Bank shall continue to use its wide distribution network to ensure that its products and services are available to all.

Asset Management

NICO Asset Managers Limited registered an impressive growth in assets under management of 41% to close the year at MK 353 billion.

We continue to provide a broad and exciting product offering for the Malawi market. The services we offer include fund management (both corporate and individual), investment analysis and advice, capital raising and company secretarial.

The performance of the business was satisfactory and it registered significant growth in profit in the year.

INVESTMENT INCOME AND SURPLUSES

The performance of the investment portfolio continued to register a strong and satisfactory performance. Despite a decline in interest rates on the money market, the Group was able to register significant growth in performance compared to the prior year due to the size, nature and structure of the investment portfolio. The Group also registered significant gains as a result of increase in the value of listed equity investments on the Malawi Stock Exchange.

STRATEGIC ALLIANCES

The tripartite relationship between NICO Group, Sanlam Emerging Markets (SEM) and Botswana Insurance Holdings Ltd (BIHL) continues to work well for our businesses. During the year, training to NICO Group staff members was provided, technical expertise in insurance was also provided by the partners.

NICO Holdings plc entered into a new partnership with Eris Property Group, an International Property Development and Management company from South Africa, by forming a local 50/50 joint venture company - Eris Properties Mw Limited (Eris Mw). The objective of the partnership is to bring to the Malawi market a complete suite of Property Development and Management services to the NICO Group and third party clients. Eris Mw is now fully operational.

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ICO Holdings plc shall continue exploring areas where it can partner with other entities so as to create optimal value for all stakeholders.

OUTLOOK

We are pleased to note the positive developments in the Macro-Economic fundamentals in economies of Malawi and the countries that we operate in. The Group looks forward to doing better and more profitable business in 2018 and the years ahead.

DIVIDEND

After taking consideration of future investment and capital requirements, the Board of Directors will be submitting for consideration at the forthcoming Annual General Meeting a proposal to pay a final dividend of MK 1.00 per share, (2016: nil dividend). This will bring total dividend paid for 2017 to MK 1.5 billion, representing growth of 275% on MK 417 million for 2016. A summary of the 2017 and 2016 dividend payments is presented below;

	2017 dividend per share	2017 value of dividend	2016 dividend per share	2016 value of dividend
	MK	MK Million	MK	MK Million
Interim dividend	0.5	521.5	0.4	417.2
Final dividend	1.0	1,043.0	0	0
Total	1.5	1,564.5	0.4	417.2

Gaffar Hassam
INTERIM CHAIRMAN

24th April, 2018

Vizenge M. Kumwenda
GROUP MANAGING DIRECTOR

BASIS OF PREPARATION

The Directors have prepared the summary consolidated and separate financial statements to meet the requirements of the Malawi Stock Exchange. The Directors have considered the requirements of the Malawi Stock Exchange and believe that the summary statements of financial position, comprehensive income, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The amounts in the summary consolidated and separate financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards. The summary consolidated and separate financial statements have been derived from the Annual Consolidated and Separate Financial Statements which were approved by the board of directors on 24th April 2018, and is available on the company's website, www.nicomw.com

INDEPENDENT AUDITOR'S REPORT ON SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

To the shareholders of NICO Holdings plc

Opinion

The summary consolidated and separate financial statements of NICO Holdings plc and its subsidiaries, which comprise the summary consolidated and separate statements of financial position as at 31 December 2017, the summary consolidated and separate statements of comprehensive income, summary consolidated and separate statements of changes in equity and summary consolidated and separate statements of cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of NICO Holdings plc and its subsidiaries for the year ended 31 December 2017.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent in all material respects, with the consolidated and separate financial statements, and the basis described on the basis for preparation paragraph.

Summary Consolidated and Separate Financial Statements

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements of NICO Holdings plc and the auditor's reports thereon. The summary consolidated and separate financial statements and the audited consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

The Audited Consolidated and Separate Financial Statements and Our Report Thereon

We expressed an unmodified audit opinions on the audited consolidated and separate financial statements in our reports dated 26th April, 2018. The reports also include the communication of key audit matters. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year.

Director's Responsibility for the Summary Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the basis described on the basis for preparation paragraph.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing ISA 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Deloitte.
Chartered Accountants
Nkondola Uka
Partner
26th April 2018

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