

UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE RESULTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE, 2018



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

	GROUP			SEPARATE		
	30-Jun-18 Unaudited Mk'million	30-Jun-17 Unaudited Mk'million	31-Dec-17 Audited Mk'million	30-Jun-18 Unaudited Mk'million	30-Jun-17 Unaudited Mk'million	31-Dec-17 Audited Mk'million
SUMMARY STATEMENTS OF COMPREHENSIVE INCOME						
Gross Revenue	71,443	59,835	134,511	2,999	2,124	4,205
Share of profit/(loss) from equity accounted investees	(27)	17	(15)	-	-	-
Operating Expenses	(23,345)	(20,880)	(47,561)	-	-	-
Management Expenses	(14,361)	(12,258)	(24,030)	(1,210)	(892)	(1,941)
Profit before future policy holders benefits	33,710	26,714	62,905	1,789	1,232	2,264
Long Term policy holders benefits	(25,358)	(20,430)	(46,426)	-	-	-
Profit before income tax	8,352	6,284	16,479	1,789	1,232	2,264
Income tax expense	(2,379)	(1,981)	(5,356)	(189)	(48)	(111)
Profit for the year	5,973	4,303	11,123	1,600	1,184	2,153
Attributable to non-controlling interest	3,039	2,018	5,304	-	-	-
Attributable to equity holders of the parent company	2,934	2,285	5,819	1,600	1,184	2,153
Other comprehensive income	5,973	4,303	11,123	1,600	1,184	2,153
Items that will never be reclassified to profit or loss	-	-	376	-	-	-
Revaluation of property and equipment, net of tax	-	-	376	-	-	-
Items that are or may be reclassified to profit or loss	-	-	-	-	-	-
Gain on available for sale assets, net of tax	358	150	744	-	-	380
Translation difference	(18)	123	(48)	-	-	-
Total other comprehensive income for the period	340	273	1,072	-	-	380
Total comprehensive income for the period	6,313	4,576	12,195	1,600	1,184	2,533
Attributable to:						
Attributable to non-controlling interest	3,183	2,018	5,643	-	-	-
Attributable to equity holders of the parent company	3,130	2,558	6,552	1,600	1,184	2,533
	6,313	4,576	12,195	1,600	1,184	2,533
Dividend Paid to share holders of the company	-	(417)	(939)	-	(417)	(939)
Earnings per share (Tambala)	281	219	558	153	114	206
Dividend paid per share (Tambala)	-	(40)	(90)	-	(40)	(90)
Number of shares in issue ('000)	1,043,041	1,043,041	1,043,041	1,043,041	1,043,041	1,043,041
SUMMARY STATEMENTS OF FINANCIAL POSITION						
ASSETS EMPLOYED	414,791	331,405	385,920	13,473	10,971	11,805
Property and equipment	12,091	13,375	11,956	74	107	87
Investment properties	9,602	7,452	9,613	81	51	81
Inventories	178	209	164	-	-	-
Other investments and loans receivable	266,705	218,533	263,049	10,261	8,895	9,405
Trade and other receivables	57,112	51,033	52,694	614	594	582
Deferred tax assets	3,737	(1,651)	3,793	-	-	-
Cash and cash equivalents	65,366	42,454	44,651	2,443	1,324	1,650
LIABILITIES	367,365	291,079	342,183	4,254	4,180	4,186
Long-term policy holder liabilities	208,312	156,958	182,954	-	-	-
Unearned Premium Reserve (UPR)	11,802	10,502	11,596	-	-	-
Interest-bearing loans and borrowings	3,896	3,885	3,916	3,674	3,672	3,686
Trade and other payables	55,810	49,921	63,662	580	508	500
Deferred tax liabilities	4,555	1,622	5,293	-	-	-
Deposits and customer accounts	82,990	68,191	74,762	-	-	-
EQUITY	47,726	40,326	43,737	9,219	6,791	7,619
Issued share capital	52	52	52	52	52	52
Reserves	25,096	20,396	22,484	9,167	6,739	7,567
Non-controlling Interest	22,278	19,878	21,201	-	-	-
TOTAL EQUITY AND LIABILITIES	414,791	331,405	385,920	13,473	10,971	11,805
SUMMARY STATEMENTS OF CHANGES IN EQUITY						
Balance as at the beginning of the period	43,737	32,098	29,302	7,619	6,024	6,025
Net profit for the period	5,973	4,303	11,123	1,600	1,184	2,153
IFRS 9 transition adjustment (net of tax)	(426)	-	-	-	-	-
Other Comprehensive income	340	273	1,072	-	-	380
Dividends Paid	(1,920)	(1,522)	(2,869)	-	(417)	(939)
Other transactions with owners of company	(278)	5,174	5,109	-	-	-
Balance at end of period	47,426	40,326	43,737	9,219	6,791	7,619
SUMMARY STATEMENTS OF CASH FLOWS						
Operating activities						
Cash receipts from customers	53,316	36,552	66,984	444	438	1,044
Cash payments to clients, employees and suppliers	(33,485)	(39,297)	(36,609)	(891)	(939)	(1,672)
Income taxes paid	(2,664)	(2,183)	(5,278)	(44)	(107)	(270)
Cash flows from/(to) operating activities	17,167	(4,928)	25,097	(491)	(608)	(898)
Cash flows to/(from) investing activities	9,412	2,347	(21,143)	1,527	(1,697)	(293)
Cash flows to financing activities	(5,855)	6,281	1,993	(244)	3,224	2,438
Net (decrease) increase in cash and cash equivalents	20,724	3,700	5,947	792	919	1,247
Cash and cash equivalents as at 1 January	44,651	38,754	38,751	1,650	405	405
Effects of changes in exchange rates and control	(9)	-	(47)	1	-	(2)
Cash and cash equivalents at the end of the period	65,366	42,454	44,651	2,443	1,324	1,650

OVERVIEW

We are pleased to report on the unaudited consolidated results of NICO Holdings plc and its subsidiary and associate companies for the half year ended 30 June 2018.

NATURE OF ACTIVITIES

The core business of NICO Group is Insurance, Banking and Asset Management. NICO Group also owns substantial investments in real property, listed and unlisted equity investments across various industries in 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 19% to MK 71.4 billion compared to MK 59.8 billion for 2017. Profit before tax increased by 33% to MK 8.3 billion compared to profit of MK 6.2 billion for 2017. Total Profit after tax increased by 38% to MK 6.3 billion compared to a profit of MK 4.5 billion for 2017. The growth in profitability is due to better and improved performance of our businesses in the year. The results were also boosted by strong equity market performance on the Malawi Stock Exchange.

SEGMENTAL PERFORMANCE

General Insurance

The performance of the general insurance business in both Malawi and Zambia registered satisfactory growth at both gross and net written premium income levels. The claims expenses were reasonable for the size of business written in both countries.

The general insurance businesses in Malawi and Zambia registered satisfactory growth in profit in the current year.

The associate company in Uganda registered significant growth in revenue and profit. The performance of the associate company in Tanzania was negatively affected by low premium income written.

Life Insurance

Overall, the performance of NICO Life was satisfactory, and it registered satisfactory growth in revenue and profit in the year.

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

Banking

The performance of NBS Bank was satisfactory and it registered growth in deposits of 19%, an impressive growth in net interest income of 84%, and an impressive growth in non-interest income of 61%. The loan book did not register growth as the bank was addressing legacy issues. It is pleasing to note that the bank registered a profit in the year compared to a loss for the same period last year.

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.

Asset Management

NICO Asset Managers Limited registered an impressive 48% growth in assets under management.

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

INVESTMENT INCOME AND VALUATION SURPLUSES

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. Our partners provided technical expertise in insurance and other services in the year, including training of our staff. These initiatives are on-going.

Eris Mw, a joint venture company between NICO Holdings and Eris of South Africa is now functional. Going forward, we aim to leverage on this relationship to bring unprecedented service in property development and management in Malawi.

NICO Holdings plc shall continue exploring areas where we can partner with other entities to create optimal value for all stakeholders.

OUTLOOK

We are pleased to note the positive developments in the macro-economic fundamentals in the economies of Malawi and the countries that we operate in, and we expect that this will continue for the rest of the year. The Group looks forward to doing better and more profitable business for the remainder of the year.

DIVIDEND

After taking consideration of future investment and capital requirements, the Board of Directors have resolved to pay an interim dividend of MK 0.60 per share (MK 625.8 million), 2017 MK 0.50 per share, (MK 521.5 million).

A summary of the 2018 and 2017 dividend payments is presented below;

	2018 dividend per share MK	2018 value of dividend MK Million	2017 dividend per share MK	2017 value of dividend MK Million
Interim dividend	0.60	625.8	0.50	521.5

Gaffar Hassam
INTERIM CHAIRMAN

Vizenge M. Kumwenda
GROUP MANAGING DIRECTOR

29th August 2018

NICO Holdings plc.
Chibisa House,
19 Glyn Jones Road,
PO. Box 501,
Blantyre - Malawi

www.nicomw.com