



THE NATIONAL INSURANCE COMPANY LIMITED

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

CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2002

SUMMARY STATEMENT OF INCOME

	12 months Ended 31/12/02 (Audited) K'000 (Note 1)	12 months Ended 31/12/01 (Audited) K'000
Gross Income	2,489,300	1,564,053
General insurance premium	1,112,280	1,168,171
Life assurance and pension premium	521,491	395,882
Fee and interest income	855,528	-
Operating surplus/profit	137,489	20,173
Net investment income	1,014,661	119,405
Valuation surplus from Life fund net of tax	-	40,000
Surplus/profit before exceptional item	1,152,150	179,578
Exceptional item	29,038	8,806
Transfer to Life reserves	(595,188)	-
Profit before taxation	586,000	188,384
Taxation	(72,904)	(25,018)
Profit after taxation	513,096	163,366
Profit attributable to minority interest	(78,216)	(6,408)
Profit attributable to shareholders	434,880	156,958
Dividend paid	(70,000)	(45,000)
Retained profit	364,880	111,958
Earnings per share (tambala)	434.88	156.97
Solvency ratio	(Note 2) 41%	63%
Price to Book Value per share	0.25	0.47
Dividend per share (tambala)	70.00	45.00

BALANCE SHEET

	K'000	K'000
ASSETS EMPLOYED	6,839,824	1,149,529
Intangible asset	5,736	-
Property and equipment	455,127	65,343
Investments	3,935,841	573,919
Trade receivables	504,561	317,738
Advances to customers	715,333	-
Other receivables	506,097	109,913
Income tax recoverable	11,586	7,979
Cash and cash equivalents	705,543	74,637
LIABILITIES	(3,204,005)	(636,765)
Reinsurance payables	(124,337)	(105,023)
Technical reserves	(567,273)	(420,110)
Deposits and customer accounts	(2,294,041)	-
Other payables	(179,006)	(104,269)
Bank Overdraft	(39,348)	(7,363)
Life assurance & pension assets	-	1,960,057
NET ASSETS	3,635,819	2,472,821
FINANCED BY		
Total equity	930,173	365,271
Issued share capital (100 million shares)	20,000	20,000
Reserves	910,173	345,271
Minority interest	171,850	10,304
Life assurance and pension funds	2,418,698	1,960,057
Interest bearing loans and borrowings	59,635	104,840
Deferred tax	55,463	32,349
TOTAL FUNDS	3,635,819	2,472,821

- (1) Results for the year to 31/12/2002 for the restructured NICO Group are prepared on a line by line consolidation of all subsidiary operations. Comparative figures are for the pre-restructured operations of NICO. This applies to presentation of NICO Life and New Building Society comparatives in particular
- (2) Solvency ratio represents the ratio of shareholders funds to net written premium for NICO's insurance operations in Malawi and Zambia. Comparative ratios are based on pre restructured NICO financials

OVERVIEW

The year under review saw the completion of the re-structuring exercise which resulted in a structure composing of six subsidiaries and a holding company. A seventh subsidiary, NICORP Securities Ltd, a joint venture between NICORP and Trust Corporate Securities Ltd of Zimbabwe was also formed in March 2002.

Performance of some of the restructured subsidiary operating companies has been below budget, more or less following the fortunes of the Malawi economy. The investment climate and conditions, during the whole of 2002 has not been very encouraging, and indications are that much improvement may not be seen even in 2003. Total gross income at K2.50 billion was 59% up on last year, resulting in operating profit of K137 million compared to MK 60 million for the corresponding year, an increase of 128%.

Group operations of the year resulted in profits before tax of MK586 million compared to MK188 million in 2001. Acquisition and treatment of The new Building Society as subsidiary has made a major contribution to the improved profitability and net worth of the Group.

The result of the underwriting account for both Malawi and Zambia continued to improve and made underwriting profits of MK36 million and MK10 million respectively. Debt collection remains a priority of the management of both operations. General Insurance business in Malawi made a profit before tax of MK193 million and for Zambia MK32 million.

NICO Life Insurance Company Limited operations continue to register steady growth in spite of losing large number of membership through retrenchments, closure of business etc. NICO Life Insurance Company Limited continues to maintain its ability to declare bonus levels in excess of its competitors and the overall fund remains strong and solvent. It is intended that improvement to existing products and attractive new products will be offered in 2003. NICO Life contribution for the year to the shareholders was MK93 million.

NICO Corporate Finance Limited performance has been below budget. NICORP Securities Limited commenced its operations in 2002 as a joint venture with Trust Merchant bank from Zimbabwe. Again, its performance has been far below expectations.

NICO Technologies Limited commenced its operations in 2002. Though the operation has established itself as market leader in some of the niche products, the result for 2002 has been below expectations. Operations resulted in a net loss of K14.6 million which includes a one off cost of setting up the operations. Prospects of the company look good and is expected to play a major role as the exclusive Group IT service provider in Group's plans on consolidation and expansion.

The New Building Society, effective 1st January 2002, became a 74% owned subsidiary of NICO. Management focus remained on consolidation and streamlining operations, specifically the computerization programme that hitherto has unfortunately dragged on for a while. It is pleasing to note that the efforts are beginning to show results. Profit after tax, but before minority interest for 2002 is K276 million compared to K55 million in 2001. Major breakthrough has been achieved on various fronts and it is anticipated that along with the insurance business, the revitalized building society operations will play a very major role in Group's future profitability and expansion. It is proposed that the New Building Society will in 2003, be registered under the banking act and start operating as a retail bank. Mortgage financing will still be maintained as a core activity.

PROSPECTS

Overall Group operations were satisfactory and the future looks good and encouraging. 2003 will see further consolidation and expansion of the Group's core business activities that have been identified as insurance and banking. 2003 will also see the Group entering into the retail banking business. The group looks forward to the new opportunities and challenges with greater optimism. Regional expansion continues to be one of the Group's growth strategies.

DIVIDEND

An interim dividend of K30 million or 30 tambala per share was paid in 2002. At the forthcoming Annual General Meeting, Directors will recommend a final dividend of K70 million of 70 tambala per share. This will bring the total dividend paid out of the year's earnings to MK100 million or 100 tambala per share compared to last year K60 million or 60 tambala per share. It is also the intention of the Directors in future to pay interim dividends quarterly.

ANNUAL GENERAL MEETING

The Annual General Meeting will take place in April 2003. A notice to this effect together with a copy of financial statements will be sent out to all shareholders.

ON BEHALF OF THE BOARD:

G.A. JAFFU - CHAIRMAN
F.L. MLUSU - MANAGING DIRECTOR

11th March, 2003
Registered Office
NICO House
3 Stewart Street
Blantyre

- (1) Solvency ratio represents the ratio of shareholders funds to net written premium for NICO's insurance operations in Malawi and Zambia. Comparative ratios are based on pre restructured NOTES:
- (2) Results for the year to 31/12/2002 for the restructured NICO Group are prepared on a line by line consolidation of all subsidiary operations. Comparative figures are for the pre restructured operations of NICO and are not restated. This applies to NICO financials.