

NICO HOLDINGS LIMITED

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

EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	GROUP		COMPANY		
	31-Dec-10 MKmillion	31-Dec-09 MKmillion	31-Dec-10 MKmillion	31-Dec-09 MKmillion	
STATEMENTS OF COMPREHENSIVE INCOME					
Gross revenue	21,758	17,916	2,641	1,659	
Operating Expenses	(9,720)	(7,799)	-	-	
Management Expenses	(6,426)	(4,911)	(463)	(409)	
Profit before future policy holders' benefits	5,612	5,206	2,178	1,250	
Future policy holders' benefits	(1,793)	(1,968)	-	-	
Profit before income tax	3,819	3,238	2,178	1,250	
Income tax (expense)/credit	(986)	(931)	53	(220)	
Profit for the year	2,833	2,307	2,231	1,030	
Other Comprehensive Income					
Foreign currency translation differences on foreign subsidiaries	25	19	-	-	
Revaluation of property and equipment	34	96	-	-	
Income tax on other comprehensive income	(13)	(29)	-	-	
Other Comprehensive Income for the year, net of income tax	46	86	-	-	
Total comprehensive income for the year	2,879	2,393	2,231	1,030	
Attributable to non-controlling interest	536	367	-	-	
Attributable to equity holders of the parent company	2,343	2,026	2,231	1,030	
	2,879	2,393	2,231	1,030	
Dividend Paid	(480)	(438)	(480)	(438)	
Earnings per share (Tambala)	225	194	-	-	
Dividend paid per share (Tambala)	46	42	46	42	
Number of shares in issue ('000)	1,043,041	1,043,041	1,043,041	1,043,041	
STATEMENTS OF FINANCIAL POSITION					
ASSETS EMPLOYED					
Property and equipment	4,992	4,337	32	32	
Investment properties	2,774	2,260	-	176	
Inventories	56	47	-	-	
Other investments and loans receivable	43,984	37,569	2,252	2,256	
Trade and other receivables	9,007	5,912	113	31	
Deferred tax assets	356	268	101	64	
Cash and cash equivalents	14,597	7,371	1,491	18	
	64,533	50,397	472	811	
LIABILITIES					
Life assurance and pension fund	20,145	17,629	-	-	
General insurance funds	2,652	2,257	-	-	
Bank overdrafts	104	218	-	-	
Interest-bearing loans and borrowings	3,677	1,156	139	249	
Trade, insurance and other payables	7,715	5,257	330	310	
Deferred tax liabilities	545	715	3	252	
Deposits and customer accounts	29,696	23,165	-	-	
	11,233	7,367	3,517	1,766	
EQUITY					
Issued share capita	52	52	52	52	
Reserves	8,742	6,185	3,465	1,714	
Non-controlling interest	2,440	1,130	-	-	
TOTAL EQUITY AND LIABILITIES	75,766	57,764	3,989	2,577	
STATEMENT OF CHANGES IN EQUITY					
	Issued Capital	Reserves	Retained Earnings	Noncontrolling Interest	Total
Balance at 1 January 2010	52	1,993	4,192	1,130	7,367
Transactions with owners of the company directly recognised in equity	-	750	(57)	774	1,467
Total comprehensive income for the year	-	172	2,171	536	2,879
Dividend paid to equity holders	-	-	(480)	-	(480)
Balance at 31 December 2010	52	2,915	5,826	2,440	11,233
STATEMENTS OF CASH FLOWS					
Operating activities					
Cash receipts from customers	16,758	14,788	410	292	
Cash payments to clients, employees and supplier:	(12,202)	(11,332)	(454)	(368)	
Income taxes paid	(1,337)	(624)	(195)	(27)	
Cash flows from/(to) operating activities:	3,219	2,832	(239)	(103)	
Cash flows from/(to) investing activities:	966	(1,306)	2,300	543	
Cash flows from/(to) financing activities:	3,141	(549)	(588)	(517)	
Net increase/(decrease) in cash and cash equivalent:	7,326	977	1,473	(77)	
Cash and cash equivalents at 1 January	7,153	6,176	18	95	
	15	-	-	-	
Cash and cash equivalents at 31 December	14,494	7,153	1,491	18	
ADDITIONAL STATUTORY INFORMATION					
(Decrease)/Increase in net working capita	(1,172)	(2,954)	1,566	202	

Overview

The Group registered satisfactory performance for the year considering the economic conditions that prevailed in all our markets. Gross operating income at MK21.8 billion is 22% above 2009. Profit before income tax expense is MK3.9 billion compared to MK2.2 billion for last year, registering an increase of 18%. Profit after tax is at MK2.8 billion compared to MK2.3 billion for last year, registering an increase of 23%. Despite credit management challenges, operating cash flows were strong.

General Insurance

Premium Income for the General Insurance business increased by 27% over that of 2009. Claims experience was good in all markets except Tanzania. Operating expense ratios were in line with budget, though further operating expense reduction is an area with potential for improving performance.

Life and Pensions

Despite intensified competition, Life and Pensions business continues to register improved performance both in terms of premium growth and profit. Total life and pension premium grew by 4% over 2009. Premium growth was artificially depressed because of pension contribution holiday that some of our clients enjoyed because of the impressive actuarial performance of their funds. Policyholder benefits grew by 14% over last year.

Banking

Banking services continued to be delivered in line with our motto of "taking banking to the people". Outlets in terms of ATM, Agencies and branches continued to grow. This is a platform for improved services for the future despite the short-term negative impact on expense ratios. The bank's profit before tax of MK2.1 billion exceeded last year by 74%. This performance was achieved despite challenges it faced, including a serious market forex shortage.

Strategic Partnership

The group has entered into strategic partnership with Sanlam Developing Markets of South Africa (SDM) in Life Insurance and Pensions business that has resulted in SDM acquiring a shareholding in our Nico Life operating subsidiary. We are also implementing this approach in our information technology business. Strategic partners are also being considered for our banking and general insurance businesses. Discussions with the potential partners are in progress in this regard.

Investments

The Group investment portfolio continued to grow, and delivered an impressive portfolio return despite the general down turn experienced by the investment markets. The diversity of the portfolio was strengthened further with the completion of the Llongwe City Mall project.

Prospects

The Group expects increased benefits from its diversified business-lines and geographical base. Focus on processes and systems aimed at improving efficiency and service delivery continues. Rolling out and entrenching the regional footprint is our strategy. Investment portfolio rationalization is also expected to make a significant contribution to stakeholder value. The new partnership with Sanlam Developing Markets of South Africa is expected to bring benefits to the Group. Overall, the prospects of the Group look very positive.

Dividend

On 6 October 2010 NICO Holdings Limited paid a dividend of MK229.5 million or 22 tambala per share as first interim dividend. On 31 January 2011 NICO Holdings Limited paid a special dividend of MK469.4 million or 45 tambala per share. Nico Holdings Limited will be paying a second interim dividend of MK229.5 million (22 tambala per share) on 26 April, 2011. Including the special dividend, the total interim dividend paid to date is MK928.4 million or 89 tambala per share (2009: MK156.5 million or 15 tambala per share). At the forthcoming Annual General Meeting, directors will be recommending a final dividend of MK168.3 million or 16 tambala per share (2009: MK250.3 million or 24 tambala per share). This makes the total dividends paid out of the 2010 profits MK1.095 billion or MK1.05 per share. This is 169% above the dividends paid out of 2009 profits (MK406.8 million or 39 tambala per share).

Felix Mlusu

George Jaffu

Managing Director

Chairman

1 April, 2011
Registered Office:
19 Glyn Jones Road
Chibisa House
Blantyre



AUDITOR'S REPORT TO THE MEMBERS OF NICO HOLDINGS LIMITED AND ITS SUBSIDIARIES

We have audited the consolidated and separate financial statements of NICO Holdings Limited and its subsidiaries (the Group) for the year ended 31 December 2010 from which the accompanying summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 1 April 2011, 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