




NICO HOLDINGS LIMITED

(Registration number 1377)

EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

GROUP INCOME STATEMENT	31-Dec-08	31-Dec-08	31-Dec-07	31-Dec-07	Overview
	MK'million	MK'million	MK'million	MK'million	
	GROUP	COMPANY	Restated GROUP	Restated COMPANY	
Gross operating income	13,666	1,065	11,219	696	<p>Overview 2008 has been a successful year for the Group. Gross operating income grew from MK11.2 billion to MK13.7 billion representing a 22% growth. This resulted in a profit before tax and transfer to reserves of policyholders' future benefits of MK4.3 billion (2007: MK2.97 billion). Profit before tax grew by 54% to MK2.67 billion from MK1.73 billion in the previous year. The budget parameters that were set during the year were exceeded.</p> <p>General Insurance Overall, this line of business performed well during the year in all the markets in which we operate. NICO Uganda, which has been registering losses, is turning around and posted a small profit this year. Our strategies that were put in place aimed at achieving a critical mass in Uganda are paying off. The challenges of increased incidences of motor claims, premium collection and market competition which we faced during the previous year continued affecting our operations. However, their effects were somehow mitigated by the strategies which we formulated, drawing on the lessons from previous years.</p> <p>The General Insurance operations registered a 43% growth in profit before tax over the previous period.</p> <p>Life Insurance and Pensions The life insurance and pensions business continued to register excellent performance. There was increased benefits payment in the year following retrenchment done by some of our clients. As a result, profit before taxation went down by 8%. However, gross premium increased by 34% over the corresponding period.</p> <p>Banking The Bank registered a 172% growth of profit before tax over previous year despite major challenges in irregular supply of foreign exchange and increasing competition.</p> <p>Most of the major performance indicators surpassed both budget and previous period with cost income ratio improving from 82% to 66% and return on equity improving from 27% to 52%.</p> <p>Investments The investment portfolio of the Group demonstrated its resilience nature by registering a return that is above both budget and previous year.</p> <p>Prospects Looking at the opportunities which present themselves to us and our good operating platform, we remain confident about the future and sustainable growth.</p> <p>Capacity across the Group in terms of manpower and systems continue to be strengthened. Management holds a positive view about the Group's performance in 2009 and beyond.</p> <p>Dividend In addition to the interim dividend of MK125 million (12 tambala per share), the Board at its meeting of 3 April 2009 approved a second interim dividend of MK208.6 million (20 tambala per share). A resolution to approve a final dividend of MK73 million (7 tambala per share) will be tabled at the forth coming Annual General Meeting.</p> <p style="text-align: right;">G A Jaffu Chairman</p> <p style="text-align: right;">F L Mlusu Managing Director.</p> <p>3 April 2009 Registered Office Chibisa House 19 Glyn Jones Road Blantyre.</p> 
Gross revenue	11,923	1,065	9,001	696	
Operating Expenses	(3,674)	-	(2,959)	-	
Management Expenses	(3,918)	(403)	(3,076)	(358)	
Profit before future policy holders benefits	4,331	662	2,966	338	
Future policy holders benefits	(1,664)	-	(1,236)	-	
Profit before income tax	2,667	662	1,730	338	
Income tax expense	(612)	(55)	(270)	7	
Profit for the year	2,055	607	1,460	345	
Attributable to Minority interest	233	-	117	-	
Attributable to shareholders of the parent company	1,822	607	1,343	345	
	2,055	607	1,460	345	
Dividend Paid	(285)	(285)	(194)	(194)	
Earnings per share (Tambala)	175	-	129	-	
Dividend paid per share (Tambala)	27	27	19	19	
Number of shares in issue ('000)	1,043,041	1,043,041	1,043,041	1,043,041	
GROUP BALANCE SHEET	MK'million	MK'million	MK'million	MK'million	
ASSETS EMPLOYED	44,210	1,759	35,342	1,412	
Property, plant and equipment	2,484	40	2,400	18	
Investment properties	2,026	176	1,338	-	
Inventories	42	-	72	-	
Other investments and loans receivable	27,389	1,390	20,171	1,257	
Trade and other receivables	5,831	42	6,288	57	
Deferred tax asset	57	16	174	16	
Cash and cash equivalents	6,379	95	4,898	64	
LIABILITIES	38,745	510	31,970	506	
Life assurance and pension fund	15,087	-	11,837	-	
General insurance funds	1,835	-	1,840	-	
Bank overdrafts	203	-	60	-	
Interest-bearing loans and borrowings	1,003	328	994	379	
Trade and other payables	5,051	173	6,304	120	
Deferred tax liabilities	211	9	266	7	
Deposits and customer accounts	15,355	-	10,668	-	
EQUITY	5,465	1,249	3,372	906	
Issued share capital	52	52	52	52	
Reserves	4,650	1,197	2,834	854	
Minority interest	763	-	487	-	
TOTAL EQUITY AND LIABILITIES	44,210	1,759	35,342	1,412	
GROUP STATEMENT OF CASH FLOWS	MK'million	MK'million	MK'million	MK'million	AUDITOR'S REPORT TO THE MEMBERS OF NICO HOLDINGS LIMITED AND ITS SUBSIDIARIES
Operating activities					<p>We have audited the consolidated financial statements of NICO Holdings Limited and its subsidiaries (the Group) for the year ended 31 December 2008 from which the accompanying summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 3rd April 2009 we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.</p> <p>In our opinion, the summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.</p> <p>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.</p> <p>KPMG Certified Public Accountants and Business Advisors</p>
Cash receipts from customers	11,627	372	7,790	340	
Cash payments to clients, employees and suppliers	(8,438)	(301)	(5,713)	(339)	
Income taxes paid	(189)	(25)	(75)	8	
Cash flows from operating activities	3,001	46	2,002	9	
Cash flows from investing activities	(1,483)	321	(464)	249	
Cash flows from financing activities	(180)	(336)	653	(194)	
Net increase in cash and cash equivalents	1,338	31	2,192	65	
Cash and cash equivalents at 1 January	4,838	64	2,646	-	
Cash and cash equivalents at 31 December	6,176	95	4,838	65	
ADDITIONAL STATUTORY INFORMATION					
Increase in net working capital	1,656	75	895	87	