



# NICO HOLDINGS LIMITED

(Registration number 1377)

## UNAUDITED CONSOLIDATED AND SEPARATE RESULTS FOR THE HALF YEAR ENDED JUNE 30, 2010

### STATEMENTS OF COMPREHENSIVE INCOME

	GROUP			COMPANY		
	30-Jun-10 Unaudited MK'million	30-Jun-09 Unaudited MK'million	31-Dec-09 Audited MK'million	30-Jun-10 Unaudited MK'million	30-Jun-09 Unaudited MK'million	31-Dec-09 Audited MK'million
<b>Gross revenue</b>	<b>10,652</b>	<b>8,716</b>	<b>17,916</b>	<b>770</b>	<b>464</b>	<b>1,659</b>
Operating Expenses	(4,980)	(4,346)	(7,798)	-	-	-
Management Expenses	(3,042)	(2,354)	(4,912)	(255)	(213)	(409)
<b>Profit before future policy holders benefits</b>	<b>2,630</b>	<b>2,016</b>	<b>5,206</b>	<b>515</b>	<b>251</b>	<b>1,250</b>
Future policy holders benefits	(1,022)	(1,166)	(1,968)	-	-	-
<b>Profit before income tax</b>	<b>1,608</b>	<b>850</b>	<b>3,238</b>	<b>515</b>	<b>251</b>	<b>1,250</b>
Income tax expense	(570)	(329)	(931)	(63)	(14)	(220)
<b>Profit for the year</b>	<b>1,038</b>	<b>521</b>	<b>2,307</b>	<b>452</b>	<b>237</b>	<b>1,030</b>
<b>Other Comprehensive Income</b>						
Foreign currency translation differences on foreign subsidiaries	-	-	18	-	-	-
Revaluation of property, plant and equipment	-	-	96	-	-	-
Net change in fair value of available for sale financial assets	-	-	-	-	-	-
Income tax on other comprehensive income	-	-	(29)	-	-	-
<b>Other Comprehensive Income for the period, net of income tax</b>	<b>-</b>	<b>-</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>1,038</b>	<b>521</b>	<b>2,392</b>	<b>452</b>	<b>237</b>	<b>1,030</b>
Attributable to non-controlling interest	163	114	367	-	-	-
Attributable to shareholders of the parent company	875	407	2,025	452	237	1,030
	<b>1,038</b>	<b>521</b>	<b>2,392</b>	<b>452</b>	<b>237</b>	<b>1,030</b>
Dividend Paid	(250)	(209)	(438)	(250)	(209)	(438)
Earnings per share (Tambala)	84	39	194	-	-	-
Dividend paid per share (Tambala)	24	20	42	24	20	42
Number of shares in issue ('000)	1,043,041	1,043,041	1,043,041	1,043,041	1,043,041	1,043,041
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>MK'million</b>	<b>MK'million</b>	<b>MK'million</b>	<b>MK'million</b>	<b>MK'million</b>	<b>MK'million</b>
<b>ASSETS EMPLOYED</b>	<b>63,252</b>	<b>47,776</b>	<b>57,764</b>	<b>2,815</b>	<b>1,727</b>	<b>2,577</b>
Property, plant and equipment	4,380	2,551	4,339	28	37	32
Investment properties	3,966	3,568	2,260	-	176	176
Inventories	17	30	47	-	-	-
Other investments and loans receivable	36,944	28,209	37,569	2,307	1,366	2,256
Trade and other receivables	6,456	6,917	5,910	85	41	31
Deferred Tax Assets	280	57	268	69	-	64
Cash and cash equivalents	11,209	6,444	7,371	326	107	18
<b>LIABILITIES</b>	<b>55,090</b>	<b>42,091</b>	<b>50,397</b>	<b>847</b>	<b>471</b>	<b>811</b>
Life assurance and pension fund	18,841	15,207	17,629	-	-	-
General insurance funds	4,792	4,501	2,257	-	-	-
Bank overdrafts	163	60	218	-	-	-
Interest-bearing loans and borrowings	1,038	1,184	1,156	186	290	249
Trade and other payables	4,783	3,515	5,257	387	167	310
Deferred tax liabilities	769	171	715	274	14	252
Deposits and customer accounts	24,704	17,453	23,165	-	-	-
<b>NET ASSETS</b>	<b>8,162</b>	<b>5,685</b>	<b>7,367</b>	<b>1,968</b>	<b>1,256</b>	<b>1,766</b>
<b>FINANCED BY</b>						
<b>EQUITY</b>	<b>8,162</b>	<b>5,685</b>	<b>7,367</b>	<b>1,968</b>	<b>1,256</b>	<b>1,766</b>
Issued share capital	52	52	52	52	52	52
Reserves	6,799	4,763	6,185	1,916	1,204	1,714
Minority interest	1,311	870	1,130	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>63,252</b>	<b>47,776</b>	<b>57,764</b>	<b>2,815</b>	<b>1,727</b>	<b>2,577</b>
<b>GROUP STATEMENT OF CASH FLOWS</b>	<b>MK'million</b>	<b>MK'million</b>	<b>MK'million</b>	<b>MK'million</b>	<b>MK'million</b>	<b>MK'million</b>
<b>Operating activities</b>						
Cash receipts from customers	10,261	6,948	14,788	142	143	292
Cash payments to clients, employees and suppliers	(5,573)	(5,421)	(11,333)	(188)	(160)	(368)
Income taxes paid	(569)	(107)	(624)	(42)	16	(27)
Cash flows from/(to) operating activities	4,119	1,420	2,831	(88)	(1)	(103)
Cash flows from/(to) investing activities	410	(980)	(1,305)	709	277	543
Cash flows from financing activities	(636)	(232)	(549)	(313)	(264)	(517)
Net increase in cash and cash equivalents	3,893	208	977	308	12	(77)
Cash and cash equivalents at 1 January	7,153	6,176	6,176	18	95	95
<b>Cash and cash equivalents at 30 June/31 December</b>	<b>11,046</b>	<b>6,384</b>	<b>7,153</b>	<b>326</b>	<b>107</b>	<b>18</b>
<b>ADDITIONAL STATUTORY INFORMATION</b>						
Increase in net working capital	4,619	2,558	(2,954)	294	64	(202)

### OVERVIEW

The half year performance of the Group to June 30, 2010 has been satisfactory despite the many challenges which we experienced during the period. We are pleased to report that we have achieved real growth in all our core business lines. Gross revenues have grown by 22% from MK8.72 billion to MK10.65 billion resulting in Profit Before Transfer of Policyholders Future Benefits increasing by 30%, from MK2.02 billion to MK2.63 billion. Profit before tax jumped by 89% from MK0.85 billion to MK1.61 billion.

### GENERAL INSURANCE BUSINESS

We achieved a premium growth of 12% largely because of re-underwriting of the risks. We retained good performing risks and let go bad performing risks. This strategy resulted in improved loss ratios. We also paid particular attention to expense management. The effective implementation of these strategies enabled us to achieve an underwriting profit of 87% over the corresponding period last year.

For the remaining half of the year, we remain optimistic of the continuation of this trend.

### LIFE INSURANCE AND PENSIONS BUSINESS

Despite stiff competition in the life and pensions business that is aggravated by inconclusive industry regulatory framework, we continue to achieve steady growth. Gross revenues grew by 8% from MK1.59 billion to MK1.72 billion. The Life and Pensions fund benefited from the slow but steady recovery of the Malawi stock exchange. Products introduced during the past twenty four months have proved to be very attractive to our policy holders.

Going by the performance of the first half, it is clear that the business has good growth prospects. Marketing and Product differentiation will be the main thrust of this business line for the remaining months of 2010.

### BANKING BUSINESS

Total revenues of the banking business grew by 43% from MK2.5 billion to MK3.5 billion over the corresponding period. Profit before tax at MK1.01 billion has gone up by 55%. This satisfactory performance was as a result of a 35% and 72% growth in the loan book and non interest income respectively.

While the rest of the year will be more challenging than the first six months, the banking business is set to close the year with improved performance compared to last year.

### INVESTMENT PORTFOLIO

The investment climate for the first half of the year was much better than last year. The total Group investment portfolio registered an improved performance both in terms of cash income and capital growth. Because of the diversity of the portfolio, which will be bolstered by completion of the MK3 billion Lilongwe City Mall, the trend of the first half in terms of performance is expected to continue to the end of the year.

### STRATEGIC ALLIANCES

NICO Holdings Limited is in discussion with four potential strategic investors to acquire shares in the Group Companies. Successful conclusion of the discussions will result in the Group having a strategic investor in each of the following business lines:

General Insurance Business  
Life Insurance Business  
Banking  
Information Technology

Shareholding at NICO Holdings Limited level will remain unchanged.

### PROSPECTS

The uncertainty surrounding availability of foreign exchange will be a major challenge to our businesses in Malawi to year end. Competition across all our business lines is expected to intensify in all our markets. However, these notwithstanding, we are confident that we will close 2010 with a significantly improved performance compared to last year.

### DIVIDEND

The Board of Directors has declared an interim dividend of MK229.5 million (2009: MK156.5 million) or 22 tambala per share (2009: 15 tambala). The dividend will be paid on October 6, 2010.

G.A. Jaffu  
**CHAIRMAN**

F.L. Mlusu  
**MANAGING DIRECTOR**

September 3, 2010  
Registered Office  
Chibisa House  
19 Glyn Jones Road  
Blantyre