



NICO HOLDINGS LIMITED

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

EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

GROUP STATEMENTS OF COMPREHENSIVE INCOME	GROUP		COMPANY		
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08	
	MK'million	Restated MK'million	MK'million	Restated MK'million	
Gross revenue	17,916	14,132	1,659	1,086	
Operating Expenses	(7,798)	(5,862)	-	-	
Management Expenses	(4,912)	(4,015)	(409)	(500)	
Profit before future policy holders benefits	5,206	4,255	1,250	586	
Future policy holders benefits	(1,968)	(1,664)	-	-	
Profit before income tax	3,238	2,591	1,250	586	
Income tax expense	(931)	(590)	(220)	(32)	
Profit for the year	2,307	2,001	1,030	554	
Other Comprehensive Income					
Foreign currency translation differences on foreign subsidiaries	18	(36)	-	-	
Revaluation of property, plant and equipment	96	470	-	-	
Net change in fair value of available for sale financial assets	-	(28)	-	-	
Income tax on other comprehensive income	(29)	(83)	-	-	
Other Comprehensive Income for the period, net of income tax	85	323	-	-	
Total comprehensive income for the period	2,392	2,324	1,030	554	
Attributable to Minority interest	367	276	-	-	
Attributable to shareholders of the parent company	2,025	2,048	1,030	554	
	2,392	2,324	1,030	554	
Dividend Paid	(438)	(285)	(438)	(285)	
Earnings per share (Tambala)	194	196	-	-	
Dividend paid per share (Tambala)	42	27	42	27	
Number of shares in issue ('000)	1,043,041	1,043,041	1,043,041	1,043,041	
GROUP STATEMENTS OF FINANCIAL POSITION					
ASSETS EMPLOYED	57,764	44,314	2,577	1,788	
Property and equipment	4,339	2,484	32	40	
Investment properties	2,260	2,026	176	176	
Inventories	47	42	-	-	
Other investments and loans receivable	37,569	27,410	2,256	1,410	
Trade and other receivables	5,910	5,833	31	42	
Deferred tax asset	268	140	64	25	
Cash and cash equivalents	7,371	6,379	18	95	
LIABILITIES	50,397	38,902	811	613	
Life assurance and pension fund	17,629	15,087	-	-	
General insurance funds	2,257	1,835	-	-	
Bank overdrafts	218	203	-	-	
Interest-bearing loans and borrowings	1,156	1,003	249	327	
Trade and other payables	5,257	5,148	310	270	
Deferred tax liabilities	715	271	252	16	
Deposits and customer accounts	23,165	15,355	-	-	
EQUITY	7,367	5,412	1,766	1,175	
Issued share capital	52	52	52	52	
Reserves	6,185	4,597	1,714	1,123	
Minority interest	1,130	763	-	-	
TOTAL EQUITY AND LIABILITIES	57,764	44,314	2,577	1,788	
GROUP STATEMENTS OF CHANGES IN EQUITY					
	Issued Capital	Reserves	Retained Earnings	Non Controlling Interest	Total
Balance at 1 January 2009	52	1,470	3,127	763	5,412
Total comprehensive income for the year	-	522	1,503	367	2,392
Dividend paid to equity holders	-	-	(438)	-	(438)
Balance at 31 December 2009	52	1,992	4,192	1,130	7,366
GROUP STATEMENTS OF CASH FLOWS					
Operating activities					
Cash receipts from customers	14,788	11,626	292	372	
Cash payments to clients, employees and suppliers	(11,332)	(8,438)	(368)	(301)	
Income taxes paid	(624)	(189)	(27)	(25)	
Cash flows from/(to) operating activities	2,831	2,999	(103)	46	
Cash flows (to)/from investing activities	(1,306)	(1,481)	543	321	
Cash flows to financing activities	(549)	(180)	(517)	(336)	
Net increase/(decrease) in cash and cash equivalents	977	1,338	(77)	32	
Cash and cash equivalents at 1 January	6,176	4,838	95	63	
Cash and cash equivalents at 31 December	7,153	6,176	18	95	
ADDITIONAL STATUTORY INFORMATION					
(Decrease)/increase in net working capital	(2,954)	1,656	(202)	159	

Overview

The Group registered a good performance for the year considering the tough economic conditions that prevailed in all our markets. Despite credit management challenges, operating cash flows have been very satisfactory. The performance in the second half was particularly pleasing.

Gross operating income at MK17.9 billion is 27% above 2008. Profit Before Income Tax Expense is MK3.24 billion compared to MK2.59 billion for last year.

General Insurance

Gross Premium of General Insurance business increased by 17% over that of 2008. Except for Malawi, loss ratios were very good at below 50%. In Zambia and Tanzania, business has started benefiting from the increased number of local outlets. Loss ratio for Malawi has been challenging though measures put in place should help improve performance in this area. Expense ratios were in line with budget though this remains an area with potential for improving performance of General Insurance business.

We achieved entry into the Zimbabwean market through acquisition of a 49% stake in Standard and Fire General Insurance company of Zimbabwe.

Life and Pensions

Despite stiff competition, Life and Pensions business continues to register improved performance in terms of premium growth. Total life and pensions premium grew by 40% over 2008. Policyholder benefits grew by 79% arising from retrenchments as corporate policyholders pursued right sizing initiatives.

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 short-term negative impact on expense ratios. The bank overcame challenges presented by shortage of forex in the market as evidenced by a profit before tax of MK1.2 billion which was 7% above that of last year.

Investments

The Group investment portfolio continued to grow while delivering an impressive return despite the general down turn experienced by the investment market. The diversity of the portfolio was strengthened further in line with the corresponding underlying liabilities.

Prospects

While dealing with challenges of 2009, the Group has refined its strategies for 2010 and beyond. 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 will remain the steering strategy. Investment portfolio rationalization is also expected to make significant contribution to stakeholder value. Overall, the prospects of the group look very positive.

Dividend

On 30th December 2009 NICO paid a dividend of MK156.5 million or 15 tambala per share as interim dividend (2008: MK333.6 million or 32 tambala per share). At the forth-coming Annual General Meeting, directors will be recommending a final dividend of MK250.3 million or 24 tambala per share (2008: MK73 million or 7 tambala per share). This will bring to MK406.8 million or 39 tambala per share dividend paid out of the 2009 profits. This is almost the same as was paid out of 2008 profits (MK406.6 million or 39 tambala per share).

Felix Mlusu
Managing Director

George Jaffu
Chairman

26th March 2010

Registered Office:
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Blantyre



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

We have audited the consolidated financial statements of NICO Holdings Limited and its subsidiaries (the Group) for the year ended 31 December 2009 from which the accompanying summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 26 March 2010 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
Blantyre, Malawi

26 March 2010