

UNAUDITED SUMMARY CONSOLIDATED (GROUP) AND COMPANY FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019.



(Registration Number 1377)
("Nico" or "The Company")

	GROUP			COMPANY		
	30-Jun-19 Unaudited MK'million	30-Jun-18 Unaudited MK'million	Year to 31-Dec-18 Audited MK'million	30-Jun-19 Unaudited MK'million	30-Jun-18 Unaudited MK'million	Year to 31-Dec-18 Audited MK'million
SUMMARY STATEMENTS OF COMPREHENSIVE INCOME						
Gross revenue	76,501	71,443	138,781	2,756	3,025	5,207
Share of profit from associate and Joint Ventures companies	105	(27)	6	105	(27)	6
Operating Expenses	(25,316)	(23,345)	(50,032)	0	0	0
Management Expenses	(18,063)	(14,361)	(29,465)	(1,663)	(1,210)	(2,285)
Profit before transfer to policy holders	33,227	33,710	59,290	1,198	1,788	2,928
Transfer to policy holders	(22,894)	(25,358)	(43,214)	0	0	0
Profit before income tax	10,333	8,352	16,076	1,198	1,788	2,928
Income Tax expense	(3,039)	(2,379)	(3,302)	(139)	(189)	(281)
Profit for the year	7,294	5,973	12,774	1,059	1,599	2,647
Attributable to non-controlling interest	3,634	3,039	6,264	0	0	0
Attributable to shareholders of the parent company	3,660	2,934	6,510	1,059	1,600	2,647
	7,294	5,973	12,774	1,059	1,600	2,647
Other Comprehensive Income						
Items that will never be reclassified to profit or loss						
Revaluation of property and equipment, net of tax	0	0	(290)	0	0	0
Items that are or may be reclassified to profit or loss						
Profit/(loss) on available for sale assets, net of tax	38	358	672	0	0	337
Translation difference on foreign subsidiary	(27)	(18)	(417)	0	0	0
Total other comprehensive income for the period	11	340	(35)	0	0	337
Total comprehensive income for the period	7,305	6,313	12,739	1,059	1,599	2,984
Attributable to non-controlling interest	3,622	3,183	5,992	0	0	0
Attributable to shareholders of the parent company	3,683	3,130	6,747	1,059	1,599	2,984
	7,305	6,313	12,739	1,059	1,599	2,984
Dividend paid to shareholders of the parent company	(834)	0	(1,669)	(834)	0	(1,669)
Earnings per share (Tambala)	351	281	624	102	153	254
Dividend paid per share (Tambala)	80	0	160	80	0	160
Number of shares in issue ('000)	1,043,041	1,043,041	1,043,041	1,043,041	1,043,041	1,043,041
SUMMARY STATEMENTS OF FINANCIAL POSITION						
ASSETS						
Property and equipment	488,949	414,791	443,632	12,251	13,473	13,038
Investment properties	15,327	12,091	11,718	264	74	90
Inventories	3,031	9,602	3,031	121	81	121
Other investments and loans receivable	194	178	159	0	0	0
Trade and other receivables	334,664	266,705	303,053	10,705	10,261	10,705
Deferred tax assets	88,708	57,112	71,390	330	614	316
Cash and cash equivalents	3,463	3,737	4,104	0	0	0
	43,562	65,366	50,177	831	2,443	1,806
LIABILITIES						
Long Term policyholder liabilities	436,254	367,365	395,425	3,092	4,255	4,104
Unearned Premium Reserve (UPR)	250,121	208,312	227,228	0	0	0
Interest-bearing loans and borrowings	10,849	11,802	9,401	0	0	0
Trade and other payables	5,695	3,896	3,718	2,750	3,674	3,698
Deferred tax liabilities	59,422	55,810	56,707	342	581	406
Deposits and customers accounts	3,428	4,555	2,870	0	0	0
	106,739	82,990	95,501	0	0	0
EQUITY						
Issued share capital	52,695	47,426	48,207	9,159	9,218	8,934
Reserves	28,477	25,096	25,697	9,107	9,166	8,882
Non-controlling Interest	24,166	22,278	22,458	0	0	0
TOTAL EQUITY AND LIABILITIES	488,949	414,791	443,632	12,251	13,473	13,038
SUMMARY STATEMENT OF CHANGES IN EQUITY						
Balance at the beginning of the period	48,207	43,737	43,737	8,934	7,619	7,619
Net profit for the period	7,294	5,973	12,774	1,059	1,599	2,647
IFRS 9 Transitional adjustment	0	(426)	(2,890)	0	0	0
IFRS 16 accounting policy adjustment	(121)	0	0	0	0	0
Other comprehensive income	11	340	(35)	0	0	337
Total Comprehensive income	55,391	49,624	53,586	9,993	9,218	10,603
Dividends paid	(2,696)	(1,920)	(4,522)	(834)	0	(1,669)
Other transactions with owners of company	0	(278)	(857)	0	0	0
Balance as at the end of the period	52,695	47,426	48,207	9,159	9,218	8,934
SUMMARY STATEMENT OF CASH FLOWS						
Operating Activities						
Cash receipts from customers	42,896	53,316	101,144	736	444	1,226
Cash payments to clients, employees and suppliers	(40,884)	(33,485)	(83,587)	(1,071)	(891)	(1,617)
Income taxes paid	(1,486)	(2,664)	(4,822)	(196)	(44)	(195)
Cash flows from operating activities	526	17,167	12,735	(531)	(491)	(586)
Cash flows from investing activities	(5,638)	9,412	(1,164)	2,006	1,527	2,878
Cash flows from financing activities	(1,606)	(5,855)	(6,068)	(2,506)	(244)	(2,149)
Net (decrease)/increase in cash and cash equivalents	(6,718)	20,724	5,503	(1,031)	792	143
Cash and cash equivalents as at 1 January	50,177	44,651	44,651	1,806	1,650	1,650
Effects of changes in exchange rates and control	103	(9)	23	56	1	13
Cash and cash equivalents at the end of the period	43,562	65,366	50,177	831	2,443	1,806

OVERVIEW

The Directors are pleased to report on the unaudited consolidated (Group) and Company results of NICO Holdings plc for the half year ended 30 June 2019.

The Directors have prepared the unaudited financial statements of NICO Holdings plc, comprising summary consolidated and company statements of comprehensive income, summary statement of financial position, changes in equity and cash flows for the half year ended 30 June 2019, in accordance with international financial reporting standards (IFRS) issued by the International Financial Accounting Standards Board (IASB), and in a manner required by the Malawi Stock Exchange listing requirements.

NATURE OF ACTIVITIES

The core businesses of NICO Group are Insurance, Pensions, Banking and Asset Management. NICO Group also owns substantial investments in real property through ICON Plc, as well as listed and unlisted equity investments across various industries in the Malawi economy. The Group carries out its business through subsidiary and joint venture companies in Malawi and Zambia, and through associate companies in Tanzania, Uganda and Mozambique.

GROUP RESULTS

NICO Group gross revenue for the half year to 30 June 2019 increased by 7% to MK 76.5 billion compared to gross revenue of MK 71.4 billion for the same period in 2018. Total profit after tax and other comprehensive income increased by 16% to MK 7.3 billion compared to the profit after tax and other comprehensive income of MK 6.3 billion for the same period in 2018. The growth in profitability is due to the improved performance of our Life Insurance, Banking and Asset Management businesses in the half year, despite the challenging macro-economic and competitive environments.

SEGMENTAL PERFORMANCE

General Insurance

The general insurance business registered almost the same amount of gross and net premium income as in the prior year. The business in Malawi registered a decline in profit of 33% due to high motor claims expenses, whereas the business in Zambia registered growth in profit of 3%.

The associate company in Uganda registered significant growth in revenue and profit. The performance of the associate company in Tanzania was negatively affected by low gross and net premium income.

Life Insurance and Pensions

Overall, the performance of NICO Life and Pensions was satisfactory, and it registered 36% growth in premium income. Despite the significant growth in premium income, the business registered 4% growth in profit as a result of decline in investment income due to low interest income prevailing on the money market and lower valuation surpluses on Malawi Stock Exchange listed equity investments. In order to serve clients better, the business is in the process of implementing new ICT systems in both the Life and Pensions operations.

As part of the drive towards financial inclusion in insurance, the Tilinanu funeral product was launched in April this year. It is a product that is aimed at providing unique funeral support, where a cash benefit is paid within 24 hours of the funeral being reported. This affordable product is also available online through the Tilinanu mobile service.

The associate company in Mozambique registered satisfactory growth in revenue.

Banking

The turnaround strategy at NBS Bank continues to bear positive results, and it is pleasing to report that the bank registered growth in deposits of 35%, and growth in net interest income of 35%. Despite a decline in non-funded income of 14%, the Bank's overall performance was outstanding as it registered 194% growth in profit to MK 1.4 billion.

Asset Management

NICO Asset Managers registered growth in assets under management of 8% over the prior period.

The business also registered growth in revenue of 6% and growth in profit of 23%. We expect the asset management business to have steady and growing contribution to the performance of the Group.

INVESTMENT INCOME AND SURPLUSES

The economy in Malawi was characterized by a decline in interest rates and lower valuation gains on the Malawi Stock Exchange. This resulted in the NICO Group registering lower investment returns. However, considering the circumstances prevailing, the performance of the investment portfolio was satisfactory.

STRATEGIC ALLIANCES

The NICO Group continued to benefit from the strategic partnerships with Sanlam Emerging Markets (SEM), Botswana Insurance Holdings Ltd (BIHL) and RaboBank of the Netherlands. Our partners continue to provide technical expertise in insurance, banking and other services including training of our staff. Eris Properties of South Africa our joint partner in Eris Properties (Malawi) continued to provide support to Eris Properties (Malawi) on our property management and development activities.

OUTLOOK

The macro-economic fundamentals in the economies of Malawi and the other countries that we operate in remain challenging. We are aware of country specific economic uncertainties that exist in the short term, and we will ensure that we manage these risks appropriately. The NICO Group looks forward to doing better and more profitable business for the rest of the year.

DIVIDEND

The Board of Directors have after taking consideration of future investment requirements resolved to pay an interim dividend of MK 0.6 per share (MK 626 million), (2018: MK 626 Million) to be paid on 15 November 2019. The register of members will be closed on 8 November 2019 to 11 November 2019, both days inclusive.

Gaffar Hassam
INTERIM CHAIRMAN

Vizenge Kumwenda
GROUP MANAGING DIRECTOR

16 October 2019