



UNAUDITED SUMMARY CONSOLIDATED (GROUP) AND SEPARATE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

It's Clear that NICO has the knowledge and expertise to help you achieve your goals.



SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	GROUP			COMPANY		
	30-Jun-22 Unaudited MK'million	30-Jun-21 Unaudited MK'million	31-Dec-21 Audited MK'million	30-Jun-22 Unaudited MK'million	30-Jun-21 Unaudited MK'million	31-Dec-21 Audited MK'million
Revenue	116,791	101,728	234,796	1,872	1,566	2,940
Dividend Income	1,796	932	5,908	1,834	2,925	7,111
Share of profit from associate and Joint Ventures companies	152	143	199	152	143	199
Depreciation and ammortisation	(2,824)	(2,520)	(5,397)	(27)	(28)	(71)
Finance costs	(663)	(658)	(1,718)	(208)	(193)	(367)
Operating expenses	(83,703)	(53,082)	(109,018)	-	-	-
Management expenses	(22,312)	(21,722)	(39,467)	(1,727)	(1,406)	(2,798)
Long-term policy holders benefits	6,795	(13,497)	(58,424)	-	-	-
Profit before income tax	16,032	11,324	26,879	1,896	3,007	7,014
Income tax expense	(4,210)	(4,297)	(8,580)	(56)	(108)	(472)
Profit for the period/year	11,822	7,027	18,299	1,840	2,899	6,542

Attributable to non-controlling interest	5,473	3,033	8,563	-	-	-
Attributable to shareholders of the parent company	6,349	3,994	9,736	1,840	2,899	6,542
	11,822	7,027	18,299	1,840	2,899	6,542

Other comprehensive income Items that will never be reclassified to profit or loss

Revaluation of property and equipment	-	-	(243)	-	-	-
Items that are or may be reclassified to profit or loss						
Profit on available for sale assets	276	207	1,652	-	-	851
Translation difference on foreign subsidiary	637	(12)	779	-	-	-
Total other comprehensive income for the period /year	913	195	2,188	-	-	851

Total other comprehensive income for the period/ year after tax	913	195	2,188	-	-	851
Total comprehensive income for the period/year	12,735	7,222	20,487	1,840	2,899	7,393

Attributable to non- controlling interest	5,947	3,112	9,213	-	-	-
Attributable to shareholders of the parent company	6,788	4,110	11,274	1,840	2,899	7,393
	12,735	7,222	20,487	1,840	2,899	7,393

Dividend paid to shareholders of the parent company	(1,460)	(1,179)	(3,004)	(1,460)	(1,178)	(3,004)
Earnings per share (Tambala)	609	383	933	-	-	-
Dividend paid per share (Tambala)	140	113	288	140	113	288
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 CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

ASSETS	1,007,137	807,749	939,988	22,271	18,589	21,031
Cash and cash equivalents	89,732	69,751	88,617	6,818	5,189	5,977
Trade and other receivables	74,023	37,743	49,903	1,891	1,160	1,623
Loans and advances to customers	106,349	57,472	82,183	-	-	-
Client funds under management	123,057	92,410	95,041	-	-	-
Assets classified as held for sale	-	232	-	-	232	-
Inventories	150	285	137	-	-	-
Other investments and loans receivable	17,316	47,229	39,055	2	2	2
Investment in associate companies	1,418	1,317	1,266	1,418	1,317	1,266
Investment in government securities	376,011	308,672	361,032	-	-	-
Investment in subsidiaries	-	-	-	9,063	8,763	9,063
Investment in equity shares	190,727	166,568	194,921	2,790	1,602	2,790
Investment properties	4,061	3,460	4,061	158	145	158
Deferred tax assets	2,923	569	2,230	-	-	-
Right-of-use assets	3,681	4,203	3,940	69	96	82
Intangible assets	6,940	5,864	6,615	14	15	17
Property and equipment	10,749	11,974	10,987	48	68	53

LIABILITIES

Deposits and customer accounts	263,164	171,993	210,665	-	-	-
Trade and other payables	108,678	96,221	128,591	1,973	1,328	1,110
Client funds payable	124,335	90,719	94,806	-	-	-
Unearned Premium Reserve (UPR)	17,046	13,765	14,483	-	-	-
Interest-bearing loans and borrowings	10,398	9,628	11,019	2,750	2,750	2,750
Long-term policyholders liabilities	379,585	341,453	386,380	-	-	-
Lease liabilities	5,493	5,658	5,619	120	131	123
Deferred tax liabilities	2,720	1,567	2,757	-	-	-

EQUITY

Issued share capital	52	52	52	52	52	52
Reserves	53,749	42,858	48,196	17,376	14,328	16,996
Non-controlling interest	41,917	33,835	37,420	-	-	-
TOTAL EQUITY AND LIABILITIES	1,007,137	807,749	939,988	22,271	18,589	21,031

SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

Balance as at the beginning of the period/ year	85,668	71,919	71,919	17,048	12,659	12,659
Net profit for the period/year	11,822	7,027	18,299	1,840	2,899	6,542
Other comprehensive income	913	195	2,188	-	-	851
Dividends paid	(2,685)	(3,604)	(7,955)	(1,460)	(1,178)	(3,004)
Other transactions with owners of company	-	1,208	1,217	-	-	-
Balance as at the end of the period/year	95,718	76,745	85,668	17,428	14,380	17,048

SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

Cash receipts from customers	125,445	116,865	186,805	962	1,155	2,155
Cash payments to clients, employees and suppliers	(141,203)	(126,052)	(92,531)	(1,554)	(1,633)	(2,924)
Interest paid	(867)	(190)	(1,510)	(198)	(183)	(363)
Income taxes paid	(3,959)	(4,496)	(10,499)	90	(341)	(927)
Cash flows (used in)/generated from operating activities	(20,584)	(13,873)	82,265	(700)	(1,002)	(2,059)
Cash flows generated from (used in) investing activities	23,506	10,231	(64,124)	2,358	1,998	5,969
Cash flows (used in)/generated from financing activities	(1,881)	(3,361)	(6,145)	(837)	(561)	(2,688)
Net increase in cash and cash equivalents	1,041	(7,003)	11,996	821	435	1,222
Cash and cash equivalents at 1 January	88,617	76,656	76,656	5,977	4,738	4,738
Effects of changes in exchange rates	74	98	(35)	20	16	17
Cash and cash equivalents at 31 December	89,732	69,751	88,617	6,818	5,189	5,977

OVERVIEW

The Directors are pleased to report on the unaudited consolidated results of NICO Holdings PLC, its subsidiaries, joint venture and associate company for the half year ended 30 June 2022.

NATURE OF ACTIVITIES

The core business of the NICO Group is General Insurance, Life Insurance, Pension Services, Banking, Corporate Finance Advisory and Asset Management. The NICO Group mainly through its portfolio investments also owns substantial investments in property, listed and unlisted equity investments across various industries in the Malawi economy. The Group carries out its business through subsidiaries in Malawi and Zambia, a joint venture company in Malawi and an associate company in Mozambique.

GROUP RESULTS

Gross revenue for the half year ended 30 June 2022 increased by 16% to MK 118.6 billion compared to MK 102.7 billion for the same period in 2021. The Group's profit after tax before other comprehensive income was MK11.8 billion, 68% higher than the MK7.0 billion profit recorded for the same period in 2021. The growth in the Group's profitability was driven by good performance of the life insurance and banking businesses. The return to profitability of the general insurance business in Malawi also contributed to the growth in profitability in the period.

Profit after tax and other comprehensive income of MK12.7 billion was 76% above the MK7.2 billion recorded for same period in 2021. Other comprehensive income of MK 913 million was higher than the MK 12 million loss reported in 2021 due to translation gains in the current period on consolidation of NICO Zambia.

SEGMENTAL PERFORMANCE

General Insurance

The general insurance business in Malawi registered premium of MK 12.6 billion in the six months to 30 June 2022 (2021: MK 12.60 billion). The lack of premium growth was due to reduction in insurance covers and policy extensions by some clients in the first half of the year. The business registered profit after tax of MK236.7 million, a turnaround from the MK922.2 million loss recorded in same period in 2021.

The business in Zambia registered premiums of MK 12.6 billion (2021: MK 7.2 billion) a growth of 74% arising from translation gains following the depreciation of the Malawi Kwacha and appreciation of the Zambian Kwacha against the US Dollar. In local currency terms the business registered premiums of ZMW 249.2 million, a 23% growth from the ZMW 203.1 million registered in same period in 2021. The growth was mainly due to new business. The business registered a loss after tax of MK58.6 million compared to a profit after tax of MK 68.2 million recorded in same period in 2021. The loss was due to increase in claims and operating costs in the period.

Life Insurance

NICO Life Insurance registered total premium income of MK 35.2 billion in the six months to 30 June 2022 which represented 30% growth over 2021 income of MK 27.0 billion. This growth was attributed to acquisition of new business. The business registered MK 5.5 billion in profit after tax compared to MK 2.4 billion registered in 2021. The growth in profitability was due to better claims experience in current period compared to same period in 2021. In the first half of 2021 the business was heavily affected by significant increase in death claims largely driven by the COVID 19 pandemic.

The associate company in Mozambique registered satisfactory performance in revenue and profit.

Pension Administration

NICO Pension Services Limited is licenced to offer pension administration services and act as a corporate trustee for pension schemes. The company currently offers pension administration services to several schemes and is also a corporate trustee for the NICO Ufulu Pension Fund and the NICO Timasuke Pension fund. The NICO Ufulu Pension Fund is an insured pooled retirement plan for individuals, self-employed persons, and employer sponsored members where they can invest collectively. The Timasuke Pension fund is an uninsured fund for individuals self-employed persons and employer sponsored members. The Timasuke fund was registered in 2021 and became operational from 1st of January 2022.

The company registered revenue of MK 1.8 billion in the six months to 30 June 2022 which represented 28% growth over 2021 revenue of MK 1.4 billion. The growth in revenue was driven by pension contribution arrears received from various schemes. The business registered profit after tax of MK 278.0 million in the six months period which was 74% higher than MK159.6 million recorded in the same period last year.

Banking

The Bank continues to deliver good performance, responding effectively to a challenging operating environment. The Bank registered a 61% growth of customer deposits during the six months to 30 June 2022 to MK 281 billion (June 2021: MK 174 billion). Loans and advances grew by 85% to close at MK 106 billion (June 2021: MK57 billion). Money market investments growth was 12% at MK 211 billion from MK188 billion on prior period.

Net interest income grew by 23% to MK 18.0 billion (June 2021: MK 14.6 billion) while non-interest revenue registered a decrease of 8% to MK5.7 billion on a prior year performance of MK6.1 billion. Impairment charges improved significantly to MK0.5 billion, down 61% from MK1.2 billion in 2021 due to enhanced portfolio management. Profit after tax grew by 16% to MK 5.1 billion (June 2021: MK 4.4 billion).

Asset Management

NICO Asset Managers Limited ("NAML") is one of the largest portfolio management firms in Malawi. The Company specialises in portfolio management and investment advisory and has over the years delivered above market returns and financial solutions to a wide range of clients.

NAML registered an increase in assets under management of 6% to MK753 billion in the six months to 30 June 2022 (June 2021: MK713 billion). The business registered a 39% growth in revenue during the period to MK 9.4 billion (June 2021: MK 6.7 billion) driven by increase in interest income on invested funds and higher fee income from the increase in assets under management. Profit after tax for the period was MK 901 million compared to MK 894 million registered in same period of the prior year.

Segmental Contribution to Group Profit After Tax

	30-Jun-2022 MK' Million (6 Months)	30-Jun-2021 MK' Million (6 Months)	31-Dec-2021 MK' Million (12 Months)
Life insurance	5,529	2,414	8,653
Pension administration	278	160	440
General insurance	178	(860)	549
Banking	5,090	4,395	7,692
Asset management	901	894	1,403
Holding company	1,840	2,899	6,542
Other segments	(161)	49	(97)
Total	13,656	9,951	25,182
Elimination of dividend income from group companies	(1,834)	(2,924)	(6,883)
Group profit after tax	11,822	7,027	18,299

DIVIDEND

After taking consideration of future investments and capital requirements, the Board of directors resolved to pay an interim dividend of MK1.00 per share (MK1.04 Billion), (2021: MK0.75 per share, MK782 Million). The interim dividend will be paid on 19 October 2022 to the shareholders appearing on the Register of Members as at close of business on Friday 7 October 2022. The Register of Members will be closed from 8 October to 10 October 2022.

OUTLOOK

Economic growth prospects are uncertain due to the war in Ukraine, impact of the devaluation of the Kwacha, an increase in commodity prices, international supply chain bottlenecks, COVID 19 pandemic and power supply interruptions. We expect a significant increase in market risk especially interest rate risk and currency risk. Malawi's GDP growth for 2022 has been cut from around 4.1 % to only 1.7% according to Reserve Bank of Malawi. During the second half of the year management will focus on managing the foregoing risks so that the Group delivers on its plans for 2022.

The Group has adopted a consolidated approach towards brand building and business development, themed "One NICO". The One NICO philosophy involves leveraging on the diversity of the businesses across the Group to provide comprehensive solutions to our customers challenges. In July 2022, we launched a thematic campaign under the banner "It's Clear". The campaign seeks to enhance NICO's positioning as a pioneer in financial services and will be leveraged on to grow our customer base and spur business growth.



Gaffar Hassam
Chairman



Vizenge Kumwenda
Group Managing Director