

NIC HOLDINGS LIMITED
(Formerly National Insurance Corporation Limited)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	General		Long-term		Total	Total
	Insurance	Business	Insurance	Business		
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Income						
Gross premiums written	18,456,492	1,831,218	20,287,710	17,583,071		
Reinsurance cost	(9,031,858)	(255,981)	(9,287,839)	(6,359,821)		
Net written premium	9,424,634	1,535,357	10,959,991	11,223,450		
Changes in unearned premium	(193,499)	-	(193,499)	181,327		
Net premium income	9,231,128	1,535,357	10,766,482	11,404,777		
Investment & Interest income	2,359,797	1,255,217	3,615,014	3,279,947		
Fees & Commission income	1,910,495	37,188	1,947,683	1,309,411		
Other income	473,761	1,158,623	1,632,384	910,122		
Fair value (loss)/gains through profit or loss	(56,068)	(1,536,993)	(1,593,061)	(1,960,473)		
Fair value gains/(loss) on investment properties	(102,018)	3,027,700	2,925,682	375,000		
Total Income	13,817,094	5,477,992	19,294,186	15,318,784		
Net claims incurred	(1,310,442)	(727,821)	(2,038,363)	(1,487,347)		
Commissions expenses	(2,502,938)	(286,374)	(2,789,312)	(2,267,182)		
Maintenance and management expenses	(1,075,824)	(2,835,215)	(3,911,039)	(3,537,318)		
Guaranteed interest on DAP Funds	-	(629,495)	(629,485)	(677,079)		
Net movement in Life Funds	-	(1,217,234)	(1,217,234)	(16,400)		
Impairment and expected credit loss	(1,241,221)	(12,716)	(1,253,937)	(130,341)		
Total expenses	(16,130,425)	(6,708,829)	(21,839,350)	(18,315,687)		
Loss before taxation	(2,313,331)	(231,833)	(2,545,164)	(2,996,883)		
Taxation (charge)/credit	(902,194)	699,513	(202,681)	1,085,574		
Loss after taxation	(3,215,525)	467,680	(2,747,845)	(1,911,309)		
Other comprehensive income						
Fair value gain on financial assets at fair value through OCI	10,715	-	10,715	351,340		
Revaluation gain on property and equipment	427,700	-	427,700	-		
Unleveled tax on fair value and revaluation gain	(131,529)	-	(131,529)	(105,402)		
Total comprehensive (loss)/income	(2,908,839)	467,680	(2,441,159)	(1,665,371)		
Loss Per Share (Ushs) - Basic			(1.94)	(1.35)		

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	General		Long-term		Total	Total
	Insurance	Business	Insurance	Business		
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Operating activities:						
Net cash flows generated from operating activities	4,183,510	(3,027,583)	1,155,927	3,688,642		
Investing activities:						
Net cash flows from investing activities	(3,837,327)	4,555,534	718,207	3,335,235		
Net cash flows from financing activities	(465,686)	-	(465,686)	(6,371,211)		
Net increase in cash and cash equivalents	(119,503)	1,527,951	1,408,448	652,666		
At start of the year	1,068,453	110,875	1,179,327	559,388		
Net increase in cash and cash equivalents	(119,503)	1,527,951	1,408,448	652,666		
Movement in expected credit loss	7,040	(9,848)	(2,808)	(32,707)		
At end of the year	955,990	1,628,978	2,584,967	1,179,327		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital		Share Premium Reserve		Retained Earnings Reserve		Fair Value Reserve		Revaluation Reserve		Contingency Reserve		Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	
At 1 January 2019	7,078,899	3,606,886	2,110,250	17,668,039	240,461	4,844,708	35,967,223						55,967,223
IFRS 16 impact on adoption	-	-	-	24,510	-	-	24,510						24,510
Profit for the year	-	-	-	(2,747,645)	-	-	(2,747,645)						(2,747,645)
Transfer to contingency reserve- General	-	-	-	(32,942)	-	-	(32,942)				32,942		-
Transfer to contingency reserve- Longterm	-	-	-	(18,314)	-	-	(18,314)				-	18,314	-
Business	-	-	-	-	-	-	-				-	-	-
Other comprehensive income	-	-	-	-	7,500	299,390	306,890						306,890
Reclassification adjustment	-	-	-	20,490	(20,490)	-	-						-
At 31 December 2019	7,078,899	3,606,886	2,110,250	14,931,938	227,471	4,895,964	33,150,778						55,967,223

Ratios

	2019	2018
Solvency ratio	1701%	1718%
Claims ratio	19%	13%
Management expense ratio	69%	77%

The summary of key audit matters raised by the auditors were on:

- (i) Valuation of technical liabilities
- (ii) Recoverability of premium debtors

AUDIT OPINION:

REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS OF NIC HOLDINGS LIMITED

Opinion

The summary consolidated financial statements of NIC Holdings Limited, which comprise the summary consolidated statement of financial position as at 31 December 2019, the summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended, are derived from the audited consolidated financial statements of NIC Holdings Limited for the year ended 31 December 2019.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards, Insurance Act, 2017 laws of Uganda and the Companies Act, 2012 laws of Uganda.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Insurance Act, 2017 laws of Uganda and the Companies Act, 2012 laws of Uganda. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary consolidated financial statements and the complete audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the complete audited consolidated financial statements.

The Audited Consolidated Financial Statements and our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 08 June 2020. The report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance to the date of the consolidated financial statements of the current period.

Directors' Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with International Financial Reporting Standards, the Insurance Act, 2017 laws of Uganda and the Companies Act, 2012 laws of Uganda.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), *Report on Summary Financial Statements*.

08 June 2020

Ernst & Young, Uganda
Certified Public Accountants of Uganda

NOTICE OF THE 19TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of NIC Holdings Limited ("the Company") will be held via ZOOM (see details below) on Thursday, 30th July, 2020 at 2:00 pm prompt to transact the following business:

ORDINARY BUSINESS

- To lay before the members the financial statements for the year ended 31st December 2019 together with the reports of the Directors thereon.
- To re-elect or elect Directors in place of the Directors who shall be retiring.
- To re-appoint Ernst & Young as external auditors of the Company for the year ending 31st December, 2020 and to authorize Directors to determine their remuneration.

SPECIAL BUSINESS

- To approve the remuneration of Directors.
- To consider and if thought fit approve, as a Special Resolution, amendment of Article 33, Articles of Association as follows:

PROPOSED AMENDMENT UNDERLINED

"33. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. PROVIDED that so long as the Company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year." The general meetings shall be held at such time and place, and by such means, electronic or otherwise, virtual or physical as the directors shall approve.

Dated this 8th day of June, 2020

BY ORDER OF THE BOARD

ELIAS EDU, ESQ.
COMPANY SECRETARY

NOTES:

- ZOOM LOG IN CREDENTIALS (Download ZOOM: <https://zoom.us/download>)**

To minimize the risks associated with the COVID-19 disease, the Company obtained a Court Order authorizing the use of video conferencing facility for the 19th AGM. Shareholders are requested to kindly register for the AGM using the following link <https://zoom.us/join/join?jtrwoc6trzojGdZ-og70wMASFmp-wdTL> or by scanning the QR Code below:



ii) PROXY

A Member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not also be a Member. For the appointment to be valid, a completed proxy form must be deposited with the Company Secretary, NIC Holdings Limited, Plot 3 Pilkington Road, P. O. Box 7134, Kampala, Uganda, not less than 48 hours before the time fixed for holding the meeting.

iii) SIGNIFICANT DEVELOPMENT

On 11th March, 2020, the World Health Organisation (WHO) declared novel coronavirus disease (COVID-19), a disease first identified in Wuhan, China, a global pandemic. Since then, the disease has rapidly spread across countries of the world challenging existing health care systems globally. In Uganda, the first case of COVID-19 was discovered on 21st March, 2020. Thereafter, Government implemented measures including travel ban, lockdown of business activities, social distancing and other measures to curb the spread of the disease. These measures, whilst commendable, have had obvious impact on most businesses. The Board is constantly reviewing the impact on the Company's business and implementing contingent arrangements to ensure that the adverse impact is minimal.

iv) GENERAL INFORMATION

- Shareholders are requested to kindly register for the 19th AGM not later than two (2) days before the meeting.
- All Shareholders are advised to notify the Company Secretary in writing of any changes in their Postal addresses, Bank accounts and other details. The information supplied will be used in future transactions.
- For general enquiries including any question regarding dividend payments, please call the Company Secretary on +256414280015 or send email to nic@nic.co.ug
- Shareholders are advised to open Securities Central Depository (SCD) accounts in order to fully participate in share transactions. Interested shareholders may contact any registered stockbroker for information on how to open SCD accounts.

The financial statements were approved by the Board of Directors on 8th June, 2020 and were signed on behalf of the Board by:

Bayo Fofayan
Director



Dr. Alan Shorubwa
Chairman