



NICO HOLDINGS LIMITED

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

CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

CONSOLIDATED INCOME STATEMENT	12 Months	12 Months
	ended 31/12/05 (audited) MK'000	ended 31/12/04 (audited) MK'000 Restated
Gross revenue	5,330,768	4,256,218
Operating Expenses	(1,834,024)	(1,435,181)
Management Expenses	(2,027,280)	(1,433,211)
Profit before impairment and future policy holders benefits	1,469,464	1,387,826
Impairment of assets	(125,250)	(53,412)
Future policy holders benefits	(907,292)	(779,698)
Profit before income tax	436,922	554,716
Income tax expense	(89,288)	(115,205)
Profit after income tax expense	347,634	439,511
Attributable to Minority interests	36,284	37,222
Attributable to shareholders of the paren	311,350	402,289
	347,634	439,511
Dividend Paid	(225,000)	(162,500)
Basic and Diluted Earnings per share (Tambala)	29.85	38.57
Dividend paid per share (Tambala)	21.57	15.58
Number of shares in issue ('000)	1,043,041	1,043,041
CONSOLIDATED BALANCE SHEET	MK'000	MK'000
ASSETS EMPLOYED	17,061,760	12,679,296
Property Plant and equipment	1,682,557	1,041,624
Investment properties	1,007,973	857,742
Other investments and loans receivable	10,437,498	7,863,823
Trade and other receivables	2,278,048	1,548,658
Cash and cash equivalents	1,655,684	1,367,449
LIABILITIES	(9,151,374)	(6,470,491)
General insurance funds	(582,236)	(353,834)
Bank overdrafts	(110,955)	(49,839)
Interest-bearing loans and borrowings	(55,464)	(87,257)
Trade and other payables	(1,847,841)	(1,257,428)
Deferred tax liabilities	(115,599)	(61,599)
Deposits and customer accounts	(6,439,279)	(4,660,534)
NET ASSETS	7,910,386	6,208,805
FINANCED BY	2,020,567	1,875,001
Shareholders funds	2,020,567	1,875,001
Issued share capital	52,152	52,152
Reserves	1,751,790	1,621,704
Minority interest	216,625	201,145
Life assurance and pension func	5,889,819	4,333,804
TOTAL FUNDS	7,910,386	6,208,805
Total equity, minority interest and liabilities	17,061,760	12,679,296
CONSOLIDATED STATEMENT OF CASH FLOWS	MK'000	MK'000
Operating activities	3,997,946	3,112,502
Cash receipts from customers	3,997,946	3,112,502
Cash payments to clients, employees and suppliers	(4,603,176)	(3,613,321)
Income taxes paid	(160,574)	(123,404)
Cash flows from operating activities	(765,804)	(624,223)
Cash flows from investing activities	1,292,680	641,645
Cash flows from financing activities	(299,757)	(223,498)
Net increase in cash and cash equivalents	227,119	(206,076)
Cash and cash equivalents at 1 Januar	1,317,610	1,523,686
Cash and cash equivalents at 31 December	1,544,729	1,317,610
ADDITIONAL STATUTORY INFORMATION	(895,849)	829,357
(Decrease)/Increase in Net Working capital	(895,849)	829,357

Overview

The performance of the Group in 2005 reflects the diversity of our income flows and geographic spread of the business and changing economic fundamentals in almost all the markets we are operating in. Gross revenues grew by 25% from MK4.3 billion to MK5.3 billion. At MK437 million Profit Before Tax has registered a 21% drop largely because of MK125 million impairment of Goodwill recognized in terms IFRS 3 on Business Combinations and IAS 36 Impairment of assets.

General Insurance

The General insurance premiums have grown by 45%. This exceptional growth is emanating from our Zambian operation and acquisitions we did in the year. In Malawi, we acquired CGU. In Tanzania we acquired 66.67% of a general insurance company that is now known as NIKO Insurance Tanzania Ltd. The performance of the general insurance business in terms of loss ratios was very good though premium income from our Ugandan operation is still below the critical mass we need in relation to overheads. Our Zambian operation was severely disadvantaged by the 35% appreciation of the local currency there as the bulk of its policies are dollar denominated. Slow payment of premiums in Zambia and Malawi markets continued to be a big challenge.

Life Insurance and Pensions

The life insurance and pensions business has performed extremely well with premiums growing by 37%. This is clear demonstration of the gains that we are making in this business. Significant resources have been applied towards improving our systems so that we are able to take our client service to a higher level.

Banking

The Banking operations have grown significantly both in terms of deposits and lending book in a marketing environment characterized by stiff competition. The infrastructure in place in terms of human-ware, branch net work and systems is capable of supporting bigger volumes of business than what has been achieved in 2005. This poses a motivating challenge that management and staff is prepared to stand up to.

Investments

The investment funds of all operations have registered good returns despite low interest rates that prevailed in the year compared to last year. The returns would have been higher had it not been for some investments that are still in gestation period.

Despite generally satisfactory performance registered by the group, the bottom line has been significantly depressed by goodwill impairment registered on the acquisition of NIKO Insurance Tanzania and CGU.

Regional Growth Strategy

As stated above, during the year we acquired CGU (Malawi) and NIKO Insurance Tanzania Ltd, a general insurance company in Tanzania. Regional growth continues to be our strategy for growing our businesses.

Prospects

The economies of the markets in which we are operating are all on a stability trend. In addition measures aimed at improving the quality of business debtors are being introduced. These factors combined provide a platform for the group to achieve better results in the forth coming year.

Dividend

To date, the company has paid two interim dividends of MK75 million (7 tambala per share) and MK100 million(10 tambala per share). During its meeting on 29th March 2006 the Board resolved to pay a final dividend of MK25 million (2 tambala per share) This brings the total dividend out of 2005 profits to MK200 million (19 tambala per share) compared to MK112.5 million (11 tambala per share) paid out of 2004 profits.

G A Jaffu **F L Mlusu**
Chairman **Managing Director.**

12 May 2006

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