



NICO HOLDINGS LIMITED

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

CONSOLIDATED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2005

GROUP INCOME STATEMENT	Group		
	6 Months ended 30/06/05	6 Months ended 30/06/04	12 Months ended 31/12/04
	Unaudited K'000	Unaudited K'000	(audited) MK'000
Gross revenue			
Insurance business	1,562,057	1,094,049	2,076,691
Banking business	613,119	551,612	1,152,709
Investments and other income	703,805	742,493	1,442,453
Total gross revenue	2,878,981	2,388,154	4,671,853
Net Income			
Net Insurance business	114,005	34,097	255,693
Banking business	(10,581)	(23,136)	39,228
Net investment and other income	563,759	636,486	1,039,493
Profit before exceptional items and transfers to Life reserves	667,183	647,447	1,334,414
Exceptional items	-	(35,267)	-
Transfer to Life reserves	(324,777)	(304,472)	(779,698)
Profit before income tax	342,406	307,708	554,716
Income tax expense	(49,664)	(47,424)	(115,205)
Profit after taxation	292,742	260,284	439,511
(Profit) /loss attributed to Minority interest	(26,237)	(11,153)	(37,222)
Net profit for the year attributable to shareholders	266,505	249,131	402,289
Dividend Paid	(50,000)	(100,000)	(162,500)
Retained Profit	216,505	149,131	239,789
Basic earnings per share (Tambala)	25.55	23.89	38.57
Dividend paid per share (Tambala)	4.79	9.59	15.58
Number of shares in issue('000)	1,043,041	1,043,041	1,043,041
GROUP BALANCE SHEET	K'000	K'000	MK'000
ASSETS EMPLOYED	15,243,081	10,999,583	12,635,388
Goodwill	121,412	3,585	-
Property and equipment	1,359,160	718,637	1,047,986
Investment properties	919,478	709,988	909,422
Other investments and loans receivable	1,775,481	1,369,231	1,496,139
Trade receivables	1,520,203	915,452	1,102,470
Advances to customers	3,079,492	912,031	1,340,558
Other receivables	400,173	392,492	450,511
Inventories	42,497	34,823	27,854
Short term investments	5,089,712	4,194,390	4,892,998
Cash and cash equivalents	935,473	1,748,954	1,367,449
LIABILITIES	8,084,445	5,653,361	6,328,734
General insurance funds	595,862	884,160	353,834
Bank overdrafts	206,719	1,541	49,839
Interest-bearing loans and borrowings	4,564	5,814	7,159
Trade payables	1,481,734	133,499	945,415
Deposits and customer accounts	5,403,605	4,399,386	4,660,534
Other payables	387,713	183,273	283,326
Income tax payable	4,248	45,688	28,627
NET ASSETS	7,158,636	5,346,222	6,306,654
Ordinary Shareholders funds	1,937,680	1,484,240	1,702,580
Issued share capital	52,152	52,152	52,152
Reserves	1,885,528	1,432,088	1,650,428
Minority interests	248,662	165,883	211,237
Long Term Policy Holders Liabilities	4,772,042	3,618,125	4,251,140
Interest-bearing loans and borrowings	142,148	53,125	80,098
Deferred tax liabilities	58,104	24,849	61,599
TOTAL FUNDS	7,158,636	5,346,222	6,306,654
Total equity, minority interest and liabilities	15,243,081	10,999,583	12,635,388
GROUP STATEMENT OF CASH FLOWS	K'000	K'000	MK'000
Operating activities			
Cash receipts from customers	2,569,957	2,268,142	3,112,502
Cash payments to clients, employees and suppliers	(2,867,368)	(1,893,987)	(3,613,321)
	(297,411)	374,155	(500,819)
Income taxes paid	(72,272)	(76,992)	(123,404)
Cash flows from operating activities	(369,683)	297,163	(624,223)
Cash flows from investing activities	(221,557)	292,974	603,217
Cash flows from financing activities	2,384	(366,410)	(185,070)
Net increase in cash and cash equivalents	(588,856)	223,727	(206,076)
Cash and cash equivalents at beginning of period	1,317,610	1,523,686	1,523,686
Cash and cash equivalents at end of period	728,754	1,747,413	1,317,610
ADDITIONAL STATUTORY INFORMATION			
Increase/(decrease) in Net Working capital	333,989	829,357	603,119

OVERVIEW

At MK2.9 billion, the group registered 21% increase in gross operating revenue. The growth came from both general and life insurance operations. The growth is satisfactory though the economic outturn on the local scene was flat. Despite lower interest rates compared to last year, investment income earned by the group was satisfactory as investment funds benefited from appreciation of the equities listed on the stock exchange and efficient cash flow management.

GENERAL INSURANCE

The General insurance business in Malawi registered a growth in premium of 13% above 2004. The growth was depressed because of the delay in concluding the CGU acquisition transaction. However, the loss ratio was satisfactory though the underwriting result suffered from provisions for doubtful debts.

General insurance business in Zambia improved significantly, registering a 62% growth in written premiums. The loss ratio is also satisfactory. This is a direct result of the marketing and underwriting strategies that have been put in place by the company. Management is determined to sustain the current trend. However, premium payment problems by clients still remains a major challenge.

NICO Insurance (Uganda) Limited was launched in March 2005. Entry into Tanzania General insurance market was completed in February 2005 when the acquisition of 66.7% shareholding in Imperial Insurance Company Limited was concluded. In both Uganda and Tanzania, a lot of resources have been spent on improving systems to ensure that the companies are able to offer the level of service that is expected from the NICO brand. Marketing campaigns in both markets have started in earnest to grow the business to critical levels.

LIFE INSURANCE

NICO Life Insurance registered improved performance from last year as was evidenced by the continued growth in premium income at 46% above 2004. The company remains focussed on its marketing strategy through good claims service and, an aggressive marketing campaign on all its product lines.

BANKING

Compared to corresponding period last year, profitability of the bank increased by 95% though it is yet to reach its target performance level. The bank has upgraded its infrastructure including refurbishment of banking halls, installation of ATM machines and opening of new outlets. The process is still continuing.

INFORMATION TECHNOLOGY

The performance of Nico technologies continued to be affected by the state of the economy and stiff competition in this line of business. Despite this, the company is operating at full capacity attending to in-house demands from group companies.

Profitability

Group operations for the six months resulted in profit before tax of MK342 million compared to MK307 million for last year. The Group Profit after Tax, Minority Interest, and Transfer to Life reserves is MK266 million compared to MK249 million last year. This represents a 7% growth in earnings attributable to shareholders.

The earnings per share is 26 tambala compared to 24 tambala for corresponding period last year.

PROSPECTS

We are encouraged by the Government budget and the fiscal measures taken. The resumption of donor support to Government programmes has given added comfort. We remain upbeat about achieving our budget for the year and, the future prospects look good. We will continue rolling out new products and services in our various businesses.

DIVIDEND

An interim dividend of K75 Million or 7 Tambala per share (2004 K62.5 Million or 6 Tambala) will be paid in September 2005.

ON BEHALF OF THE BOARD:

G.A. JAFFU - CHAIRMAN

F.L. MLUSU - MANAGING DIRECTOR

17th August 2005

Registered office:

NICO House
3 Stewart Street
Blantyre