



# NICO LIFE INSURANCE COMPANY LIMITED

Registration number 6114

EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010

## STATEMENT OF COMPREHENSIVE INCOME

	2010 K'000	2009 K'000
Gross revenue	5,496,246	4,945,698
Less: reinsurance	(116,780)	(62,715)
Net revenue	5,379,466	4,882,983
Gross insurance benefits	(2,005,798)	(1,816,404)
Less: reinsurance	59,028	11,622
Net insurance benefits	(1,946,770)	(1,804,782)
Gross profit	3,432,696	3,078,201
Commissions payable and stamp duty	(163,850)	(86,318)
Management and investment expenses	(575,526)	(471,624)
Profit before long term policyholders' benefits	2,693,320	2,520,259
Long term policyholders' benefits	(1,792,580)	(1,968,493)
Profit before income tax expense	900,740	551,766
Income tax expense	(157,587)	(45,984)
Profit for the year	743,153	505,782
Other comprehensive income	-	-
Total comprehensive income	743,153	505,782

## STATEMENT OF FINANCIAL POSITION

ASSETS		
<i>Non-current assets</i>		
Property and equipment	1,495,083	1,255,180
Intangible assets	10,120	12,763
Investment properties	2,022,902	1,578,314
Long term lease receivables	157,202	156,031
Long term loans receivables	1,295,490	1,183,615
Investment in shares	10,268,202	9,370,254
Investments in government securities	460,248	433,389
Deferred tax assets	1,293	82
Total non-current assets	15,710,540	13,989,628
<i>Current assets</i>		
Current portion of long term loan receivables	191,229	189,344
Current portion of investments in government securities	3,005,108	3,187,332
Insurance receivables	708,998	607,296
Trade and other receivables	37,699	30,271
Amounts due from group companies	21,545	1,416
Income tax receivable	-	16,936
Cash and acsh equivalents	3,118,268	1,641,264
Total current assets	7,082,847	5,673,859
Total assets	22,793,387	19,663,487
EQUITY AND LIABILITIES		
share capital	32,500	20,000
Reserves	1,868,594	1,602,941
Total share capital and reserves	1,901,094	1,622,941
Policyholders' funds	20,144,500	17,628,997
Total equity and policyholders' funds	22,045,594	19,251,938
<i>Non-current Liabilities</i>		
258,028		117,757
<i>Current liabilities</i>		
Insurance payables	106,613	78,089
Trade and other payables	264,645	154,844
Amounts due to group companies	7,884	4,804
Income tax payable	18,822	-
Bank overdraft	91,801	56,055
Total Liabilities	747,793	411,549
Total equity, policyholders' funds and liabilities	22,793,387	19,663,487

## OVERVIEW

The company has achieved good results on the back of sound business strategies despite challenges experienced in the year 2010 including declining yields on the money market, increased competition in the life and pensions business and the anxiety on the pension bill that led to unprecedented member withdrawals.

Profit after tax is K743.2 million compared to K505.8 million for 2009 representing an increase of 47%. Funds under management have increased by K2.79 billion over the year.

The company declared a 17.5% bonus to its deposit administration policyholders for the year as a result of good investment performance.

As part of its efforts to meet customer needs, Nico Life successfully launched two individual life products in the year, Tikondwe Festival Advance Plan and Harvest Pensions Policy. It is pleasing to note that the products started on a good note and are doing well on the market.

The company enjoys group synergies with other companies within the Nico Group. Even more exciting in the year was the entry of Sanlam Developing Markets(SDM) as a strategic partner of Nico Holdings through its 49% stake in Nico Life.

## PROSPECTS

Outlook for the year 2011 is mixed. The declining investment yields, and increasing competition will be challenging for the company. However the company has refined its strategies for 2011 and beyond to deal with these challenges. The pensions bill will also help to stabilise the pensions industry once it becomes operational.

The partnership with Sanlam Developing Markets(SDM) is expected to bring benefits as SDM will make available to NICO Life technical and actuarial services and bancassurance expertise.

We will continue to focus on sales through new distribution models, tighten on expense management and improve on our IT processes so that our clients continue to enjoy delightful services.

FL Mlusu  
Chairman

L Chikadya  
Director

1 April 2011  
Registered Office  
Nico House  
3 Stewart Street  
Blantyre



## CERTIFICATE OF THE ACTUARY

We hereby certify that to the best of our knowledge and belief the liabilities under unmaturred life, funeral, industrial and sinking fund policies, plus those under Deposit Administration policies issued by the Nico Life Insurance Company Limited do not exceed the amount of the life insurance fund as at 31 December 2010.

J L Potgieter  
FASSA, F.I.A.



## AUDITOR'S REPORT TO THE MEMBERS OF NICO LIFE INSURANCE COMPANY LIMITED

We have audited the financial statements of NICO Life Insurance Company Limited for the year ended 31 December 2010 from which the accompanying summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 1 April 2011 we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.

In our opinion, the summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Company's financial position and the results of its operations for the year and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which they were derived and our full audit report thereon.

KPMG  
Certified Public Accountants and Business Advisors Blantyre, Malawi

1 April 2011