



**NICO
Life**

associated with Sanlam group

NICO LIFE INSURANCE COMPANY LIMITED

AUDITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2016

Registration number
6114

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2016 K'm	2015 K'm
Gross revenue	51,589	37,664
Reinsurance	(323)	(390)
Net revenue	51,266	37,274
Gross insurance benefits	(10,790)	(9,226)
Reinsurance	43	64
Net insurance benefits	(10,747)	(9,162)
Gross profit	40,519	28,112
Commissions payable and stamp duty	(631)	(986)
Management and investment expenses	(3,368)	(2,275)
Profit before transfer of long term policyholders' benefits	36,520	24,851
Transfer to Policyholder's Liabilities	(28,101)	(19,007)
Profit before income tax expense	8,419	5,844
Income tax expense	(3,172)	(1,045)
Profit for the year	5,247	4,799
Other comprehensive income	-	-
Total comprehensive income	5,247	4,799

SUMMARISED STATEMENT OF FINANCIAL POSITION

	2016	2015
Assets		
Non-current assets		
Property and equipment	1,184	1,175
Intangible assets	230	233
Investments	84,980	71,416
Total non-current assets	86,394	72,824
Current assets		
Investments	54,711	31,994
Insurance and other receivables	1,754	1,823
Income tax receivable	42	949
Cash and cash equivalents	11,555	14,096
Total current assets	68,062	48,862
Total assets	154,456	121,686
EQUITY AND LIABILITIES		
Share capital	33	33
Reserves	14,419	12,418
Total share capital and reserves	14,452	12,451
Liabilities		
Policyholders' Liabilities	120,276	96,000
Technical Reserves	16,252	10,421
Deferred Tax Liabilities	1,986	921
Total Non- Current Liabilities	138,514	107,342
Current liabilities	1,490	1,893
Total Equity and Liabilities	154,456	121,685

SUMMARISED STATEMENT OF CASHFLOWS

	2016	2015
Net cash flows from operating activities	9,685	8,839
Net cash flows (Used in) / from investing activities	(8,979)	438
Net cash flows used in financing activities	(3,247)	(2,504)
Net (decrease)/increase in cash and cash equivalents	(2,541)	6,773
Cash and cash equivalents at 1 January, 2016	14,096	7,323
Cash and cash equivalents at 31 December, 2016	11,555	14,096
Increase in net working capital	19,602	6,263

BASIS OF PREPARATION

The Directors have prepared the summary financial statements to meet the requirements of the Financial Services Act, 2010 of Malawi. The Directors have considered the Financial Services Act, 2010 requirements and believe that the summary statement of financial position, statement of profit or loss and other comprehensive income and cash flows are sufficient to meet the requirements of the users of the summary financial statements.

The amounts in the summary financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards.

ECONOMIC HIGHLIGHTS

The economy remained volatile in 2016 with borderline decline in average inflation, kwacha depreciating by 7.84% and a negative return of 8.53% on Malawi All Share Index.

PERFORMANCE

It is pleasing to report that NICO Life's gross revenue grew by 37%, as compared to 14% growth for the year 2015.

Profit after tax at MWK5.2 billion is 9% above prior year of MWK4.77 billion. Policy holder funds at MWK136 billion (2015:MWK106 billion) grew by 28% as a result of satisfactory performance of the company. Based on the results, the Board of Directors declared a 15.5% fully vested bonus on Deposit Administration Pension Funds for the year 2016.

PROSPECTS

The Malawi Kwacha is expected to stabilize in the short term as a result of tobacco sales currently underway whilst Inflation is expected to decline and this may lead to lower interest rates. Despite the economic challenges, the company is well positioned and has strategized to operate and ensure value adding activities are pursued to the benefit of all stakeholders. Provision of quality service remains critical to us and we will continue expanding distribution channels with the aim of reaching out to all.

We look forward to another successful year in 2017.

V.M Kumwenda
Chairman

L Chikadya
Director

26th May 2017
Registered Office
NICO House
3 Stewart Street
Blantyre

CERTIFICATE OF THE ACTUARY

I hereby certify that to the best of my knowledge and belief, the liabilities under un-matured Life, Funeral, Industrial, Deposit administration, Group Life and sinking fund policies issued by NICO Life Insurance Company Limited do not exceed the amount of the Life insurance fund as at 31 December, 2016.
Giles Waugh
FASSA, FIA

INDEPENDENT AUDITORS REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NICO LIFE INSURANCE COMPANY LIMITED

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2016, and the summary statements of profit or loss and other comprehensive income and cash flows for the year then ended, and basis of preparation note, are derived from the audited financial statements of NICO Life Insurance Company Limited for the year ended 31 December 2016.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis of preparation note.

Other matters

We have not audited the Economic highlights, performance and prospects commentary and the Certificate of the Actuary included in the accompanying summary financial statements and accordingly do not express any opinion thereon.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed, an unmodified audit opinion on the audited financial statements in our report dated 26 May 2017. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements for the current period.

Directors' Responsibility for the Summary Financial Statements

Directors are responsible for the preparation of the summary financial statements in accordance with the basis of preparation note.

Auditor's Responsibility

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



Lamion M. Gama
Chartered Accountant (Malawi)
Partner
Blantyre, Malawi
26 May, 2017