



NICO  
Life

associated with Sanlam group

# NICO LIFE INSURANCE COMPANY LIMITED

Registration number 6114

## EXTRACTS FROM THE AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017



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### SUMMARY CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	CONSOLIDATED 2017 K'm	COMPANY 2017 K'm	COMPANY 2016 K'm Restated
Gross revenue	78,855	78,665	51,516
Reinsurance	(282)	(282)	(323)
Net revenue	78,573	78,383	51,193
Gross insurance benefits	(13,372)	(13,372)	(10,790)
Reinsurance	80	80	43
Net insurance benefits	(13,292)	(13,292)	(10,747)
Gross profit	65,281	65,091	40,446
Commissions payable and stamp duty	(817)	(817)	(631)
Management and investment expenses	(4,169)	(4,029)	(3,368)
Profit before transfer of long term policyholders' benefits	60,295	60,245	36,447
Transfer to Policyholder's Liabilities	(46,426)	(46,426)	(28,101)
Profit before income tax expense	13,869	13,819	8,346
Income tax expense	(4,491)	(4,473)	(3,172)
Profit for the year	9,378	9,346	5,174
Other comprehensive income	328	328	73
<b>Total comprehensive income</b>	<b>9,706</b>	<b>9,674</b>	<b>5,247</b>

### SUMMARY CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

	2017 K'm	2017 K'm	2016 K'm Restated	2015 K'm Restated
<b>Assets</b>				
<i>Non-current assets</i>				
Property and equipment	1,617	1,608	1,184	1,175
Intangible assets	252	250	230	233
Investments	123,478	123,728	84,980	71,416
Total non-current assets	125,347	125,586	86,394	72,824
<i>Current assets</i>				
Investments	66,205	66,205	54,711	31,993
Insurance and other receivables	2,094	2,029	1,754	1,824
Income tax receivable	287	303	42	949
Cash and cash equivalents	16,443	16,202	11,555	14,096
Total current assets	85,029	84,739	68,062	48,862
<b>Total assets</b>	<b>210,376</b>	<b>210,325</b>	<b>154,456</b>	<b>121,686</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	33	33	33	33
Share premium	1,358	1,358	1,358	1,358
Revaluation Reserves	1,235	1,235	906	833
Retained Earnings	18,992	18,960	12,155	10,227
<b>Total Equity</b>	<b>21,618</b>	<b>21,586</b>	<b>14,452</b>	<b>12,451</b>
<i>Non Current Liabilities</i>				
Policyholders benefits	162,330	162,330	120,276	96,000
Technical Reserves	20,624	20,624	16,252	10,421
Deferred Tax Liabilities	4,278	4,276	1,986	921
<b>Total Non Current Liabilities</b>	<b>187,232</b>	<b>187,230</b>	<b>138,514</b>	<b>107,342</b>
<i>Current liabilities</i>				
Insurance and other payables	1,526	1,509	1,490	1,893
<b>Total Equity and Liabilities</b>	<b>210,376</b>	<b>210,325</b>	<b>154,456</b>	<b>121,686</b>

### SUMMARY CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS

	2017 K'm	2017 K'm	2016 K'm Restated
Net cash generated by operating activities	9,234	9,248	9,685
Net cash used in investing activities	(1,805)	(2,061)	(8,979)
Net cash used in financing activities	(2,540)	(2,540)	(3,247)
Net increase/(decrease) in cash and cash equivalents	4,889	4,647	(2,541)
Cash and cash equivalents at 1 January	11,555	11,555	14,096
Cash and cash equivalents at 31 December	16,444	16,202	11,555

### INTRODUCTION

NICO Life Insurance Company Limited, is a life insurance company that offers a comprehensive range of products from deposit administration to individual and group life insurance. The company is co-owned by NICO Holdings Plc (51%) and Sanlam Emerging Markets (49%).

In response to the regulatory requirement to separate life insurance from pension administration, a subsidiary, NICO Pension Services Limited was formed to administer pension funds.

The consolidated financial statements, therefore include performance of NICO Pension Services Limited which commenced operations on 1 July 2017.

### BASIS OF PREPARATION

The Directors have prepared the summary consolidated and separate financial statements to meet the requirements of the Financial Services Act, 2010. The Directors have considered the requirements of the Financial Services Act, 2010 and believe that the summary statements of financial position, comprehensive income and cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The amounts in the summary consolidated and separate financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards. The summary consolidated and separate financial statements have been derived from the Consolidated and Separate Financial Statements which were approved by the board of directors on 22 March 2018.

### ECONOMIC HIGHLIGHTS

The economy stabilized in 2017 with a significant decline in inflation closing at 7.7% (2016: 21.88%). The Kwacha closed the year at K734.78 (Dec 16: K725.43) against the US dollar. The Malawi All Share Index performance improved to 62.14% from a negative return of 8.53 % (2016)

### PERFORMANCE

Gross revenue grew by an impressive 53%, to K78.9billion in 2017 from K51.5billion in 2016. This growth is higher than the 37% growth that we recorded for 2016.

Total comprehensive income net of tax grew by an impressive 87% to K9.7 billion from K5.2 billion in 2016. Total fund grew by 36% to K210 billion from K154 billion in 2016. This growth was driven by implementation of planned strategies coupled with high yield from the stock market.

### PROSPECTS

We will continue to focus on good customer experience by enhancing operational efficiency and effectiveness at the same time coming up with innovative products that respond to customer needs. In a bid to provide peace of mind to our clients, the company has partnered with Goodwill Funeral Services through which we are distributing the funeral product. Furthermore, the company will continue to leverage synergies that exist within NICO and Sanlam Groups.

The company is pleased to note the positive developments in the macro- economic fundamentals and looks forward to another successful year in 2018.

**Vizenge M. Kumwenda**  
Chairman

**Eric Chapola**  
Chief Executive Officer

**22nd March 2018**  
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 2017.

**Giles Waugh**  
FASSA, FIA

### REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

#### To the Shareholders of NICO Life Insurance Company Limited

#### Opinion

The summary consolidated and separate financial statements, which comprise the consolidated and separate summary statement of financial position as at 31 December 2017, summary statement of comprehensive income, summary statement of cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of NICO Life Insurance Company Limited for the year ended 31 December, 2017.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements of NICO Life Insurance Company Limited, in accordance with the requirements of the Financial Services Act, 2010 as applicable to summary financial statements.

#### Summary consolidated and separate financial Statements

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

The Audited Consolidated and Separate Financial Statements and our Report Thereon We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 26 April 2018. That report also includes;

(i) Other matters paragraph which states that the financial statements of the company for the year ended 31 December, 2016, were audited by another auditor, who expressed an unmodified opinion on those statements on 26 May, 2017; and

(ii) The communication of key audit matters. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year.

#### Directors' Responsibility for the Summary Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the basis described on the basis for preparation paragraph.

#### Auditor's Responsibility

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

**Deloitte.**

**Chartered Accountants**  
**Madalo Mwenelupembe**  
Partner  
26 April 2018