



NICO LIFE INSURANCE COMPANY LIMITED

Registration number 6114

EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	2014 K'm	2013 K'm
Gross revenue	28,075	22,940
Reinsurance	(169)	(83)
Net revenue	27,906	22,857
Gross insurance benefits	(4,994)	(3,474)
Reinsurance	16	103
Net insurance benefits	(4,978)	(3,371)
Gross profit	22,928	19,486
Commissions payable and stamp duty	(632)	(449)
Management and investment expenses	(1,694)	(1,366)
Profit before transfer of long term policyholders' benefits	20,602	17,671
Transfer to Policyholder's Liabilities	(14,910)	(11,387)
Profit before income tax expense	5,692	6,284
Income tax expense	(1,074)	(867)
Profit for the year	4,618	5,417
Other comprehensive income	-	-
Total comprehensive income	4,618	5,417

STATEMENT OF FINANCIAL POSITION

<i>Assets</i>		
<i>Non-current assets</i>		
Property and equipment	1,064	893
Intangible assets	177	205
Investments	54,148	45,300
Total non-current assets	55,389	46,398
<i>Current assets</i>		
Investments	32,537	18,289
Insurance and other receivables	4,564	3,045
Income tax receivable	598	203
Cash and cash equivalents	7,323	9,208
Total current assets	45,022	30,745
Total assets	100,411	77,143
EQUITY AND LIABILITIES		
Share capital	33	33
Reserves	10,123	9,206
Total share capital and reserves	10,156	9,238
<i>Liabilities</i>		
Policyholders' Liabilities	74,898	55,872
Technical Reserves	12,516	10,046
Deferred Tax Liabilities	1,331	835
Total Non Current Liabilities	88,745	66,753
Current liabilities	1,510	1,152
Total Equity and Liabilities	100,411	77,143

STATEMENT OF CASHFLOWS

Net cash flows from operating activities	7,827	8,012
Net cash flows to investing activities	(6,086)	(7,491)
Net cash flows to financing activities	(3,627)	(535)
Net (decrease)/increase in cash and cash equivalents	(1,886)	(14)
Cash and cash equivalents at 1 January	9,208	9,222
Cash and cash equivalents at 31 December	7,323	9,208
Increase in net working capital	13,918	15,275

ECONOMIC HIGHLIGHTS

The Malawi Economy continued to be volatile in 2014 with an average inflation of 23.8%. The Kwacha closed the year at K470.78 (Dec 13: K435.23) against the US dollar, resulting in a year on year depreciation of 8.2%. The MASI grew by 18.79% compared to 108.31% for 2013. The average Treasury bill rate for 2014 stood at 21.73% compared to 30.81% for 2013.

PERFORMANCE

NICO Life's gross revenue grew by 22% compared to prior year.

Profit after tax at MK 4.6 billion (2013: MK5.4 billion) is 15% below prior year. The drop is mainly because of lower yields on investments as compared to prior year. However, the assets grew by 30% at MK100 billion as a result of increased contributions and earned returns from investments.

Net Insurance benefits are up on prior year by 48%. This is on account of 2013 bonuses that were declared for Deposit Administration and Pensioners at 60% and 30% respectively. In addition, the Company effected a 100% increase on Individual Life revisionary bonuses and 67% increase on terminal bonuses.

The Board of Directors has declared a bonus of 20% on Deposit Administration Pension Funds for the year 2014.

PROSPECTS

Inflation is expected to go down as the kwacha appreciates and fuel prices remain low. However the rate at which inflation decelerates may be affected by lower maize harvest as a result of recent floods which hit several areas in the country. Interest rates are expected to decrease in the short term as a result of increased liquidity levels.

The Company is well positioned and has strategised to operate and ensure value is added to all stakeholders. In this regard, we will continue to focus on quality service, improve operational efficiency as we enhance the administration system and invest in human capital. We will also concentrate on expanding the distribution channels with the aim of reaching out to the uninsured market as we take advantage of the synergies that exist within NICO and Sanlam Groups.

We look forward to another successful year in 2015.

FL Mlusu
Chairman

L Chikadya
Director

26th March 2015
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 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, 2014.

Giles Waugh
FASSA, FIA

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

The accompanying summary financial statements, which comprise the summary statements of financial position as at December 31, 2014, the summary statements of profit or loss and other comprehensive income and cash flow for the year then ended are derived from the audited financial statements of NICO Life Insurance Company Limited for the year ended December 31, 2014.

We expressed an unmodified audit opinion on those financial statements in our report dated 25 March 2015. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards and in the manner required by the Malawi Companies Act, 1984. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of NICO Life Insurance Company Limited.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with the International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with the terms of reference as agreed with management.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of NICO Life Insurance Company Limited for the year ended December 31, 2014 are consistent, in all material respects, with those financial statements, in accordance with the International Financial Reporting Standards and in the manner required by the Malawi Companies Act, 1984.



Certified Public Accountants and Business Advisors
BLANTYRE, MALAWI
26th March 2015