



Registration number 6114
EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2015	2014
	K'm	K'm
Gross revenue	39,671	34,660
Reinsurance premiums ceded	(390)	(169)
Net revenue	39,281	34,491
Gross insurance claims and benefits	(9,226)	(4,994)
Reinsurance claims recovered	64	16
Net insurance claims and benefits	(9,162)	(4,978)
Gross profit	30,119	29,513
Commissions payable and stamp duty	(986)	(632)
Management and investment expenses	(2,275)	(1,694)
Profit before transfer of long term policyholders' benefits	26,858	27,187
Transfer to Policyholder's Liabilities	(21,013)	(21,496)
Profit before income tax expense	5,845	5,691
Income tax expense	(1,045)	(1,074)
Profit for the year	4,800	4,617
Other comprehensive income	-	-
Total comprehensive income	4,800	4,617

STATEMENT OF FINANCIAL POSITION

ASSETS

<i>Non-current assets</i>		
Property and equipment	1,175	1,064
Intangible assets	233	177
Investments	71,416	54,148
Total non-current assets	72,824	55,389
<i>Current assets</i>		
Investments	31,994	32,537
Insurance and other receivables	3,829	4,564
Income tax receivable	949	598
Cash and cash equivalents	14,096	7,323
Total current assets	50,868	45,022
Total assets	123,692	100,411

EQUITY AND LIABILITIES

<i>Equity</i>		
Share capital	33	33
Reserves	12,418	10,123
Total equity	12,451	10,156
<i>Liabilities</i>		
<i>Non-current liabilities</i>		
Policyholders' liabilities	96,000	74,898
Technical reserves	12,427	12,516
Deferred tax liabilities	921	1,331
Total non current liabilities	109,348	88,745
<i>Current liabilities</i>		
Insurance and other payables	1,893	1,510
Total current liabilities	1,893	1,510
Total liabilities	111,241	90,255
Total Equity and Liabilities	123,692	100,411

STATEMENT OF CASH FLOWS

Net cash flows generated from operating activities	8,862	7,828
Net cash flows generated/(utilised) from investing activities	224	(6,086)
Net cash flows utilised in financing activities	(2,313)	(3,627)
Net increase/(decrease) in cash and cash equivalents	6,773	(1,885)
Cash and cash equivalents at 1 January	7,323	9,208
Cash and cash equivalents at 31 December	14,096	7,323
Increase in net working capital	5,464	13,918

ECONOMIC HIGHLIGHTS

The Malawi Economy continued to be volatile in 2015 with an average inflation of 21.9% (2014: 23.7%). The Kwacha closed the year at K672.68 (Dec 14: K470.78) against the US dollar, resulting in a year on year depreciation of 42.9%. The Malawi All Share Index closed the year with a negative return of 2.17% as compared to a gain of 18.79% in 2014. The all type Treasury bill averaged 23.96% for the year 2015 (2014 21.73%).

The economic environment posed a challenge to some clients in respect of honoring Pension contributions and Life assurance premiums. The unfavorable return on the stock market consequently affected the performance of the company.

PERFORMANCE

NICO Life's gross revenue grew by 14% as compared to a 22% growth for the year 2014.

Profit after tax at MK4.8 billion (2014: MK4.6 billion) is 4% above prior year. Policyholder Funds at MK109.1 billion (2014: MK88.7 billion) grew by 23% as a result of increased contributions and earned returns from investments.

Net Insurance benefits are up on prior year by 85%. This is a result of transfer values and pension benefits incurred in the period under review.

The Board of Directors has declared a 15% fully vested bonus on Deposit Administration Pension Funds for the year 2015.

PROSPECTS

The Kwacha is expected to appreciate and stabilise in the short term as the tobacco season starts. In the long term, the currency is expected to depreciate due to significant current account deficit and weak foreign direct investment inflows. Inflation will remain high as the kwacha depreciates and food prices will be high due to lower than expected agricultural harvest that is affected by El Nino weather phenomenon. Interest rates are expected to be high as a result of volatility of the liquidity levels and high monetary policy rate.

Despite the economic challenges, the company is well positioned and has strategised to operate and ensure continued value adding activities are pursued to benefit 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 continue with the expansion of 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 Group Companies.

We look forward to another successful year in 2016.

Vizenge Kumwenda
Director

Leonard Chikadya
Director

17th March 2016

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, 2015.

Giles Waugh
FASSA, FIA
14th March 2016

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

The accompanying summary financial statements, which comprise the summary statements of financial position as at 31 December, 2015, the summary statements of profit or loss and other comprehensive income and summary statement of cash flows for the year then ended, are derived from the audited financial statements of NICO Life Insurance Company Limited for the year ended 31 December, 2015.

We expressed an unmodified audit opinion on those financial statements in our report dated 31 March, 2016. 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 applied in the preparation of the audited financial statements of NICO Life Insurance Company Limited. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of NICO Life Insurance Company Limited.

Directors' responsibility for the summary financial statements

Directors are responsible for the preparation of the summary financial statements in accordance with the Financial Services Act, 2010 and Malawi Companies Act, 1984.

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 International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of NICO Life Insurance Company Limited for the year ended 31 December, 2015 are consistent, in all material respects, with those financial statements, in accordance with the Financial Services Act, 2010 and Malawi Companies Act, 1984.

Chartered Accountants
Blantyre, Malawi
31 March 2016

