



NICO LIFE INSURANCE COMPANY LIMITED

Registration number 6114

EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2013 K'000	2012 K'000
Gross revenue	22,939,994	13,087,588
Less: reinsurance	(83,027)	(131,609)
Net revenue	22,856,967	12,955,979
Gross insurance benefits	(3,474,243)	(2,155,762)
Less: reinsurance	103,295	56,932
Net insurance benefits	(3,370,948)	(2,098,830)
Gross profit	19,486,019	10,857,149
Commissions payable and stamp duty	(448,508)	(236,245)
Management and investment expenses	(1,366,024)	(1,004,072)
Profit before long term policyholders' benefits	17,671,487	9,616,832
Long term policyholders' benefits	(11,387,351)	(7,043,171)
Profit before income tax expense	6,284,136	2,573,661
Income tax expense	(867,083)	(319,995)
Profit for the year	5,417,053	2,253,666
Other comprehensive income	-	-
Total comprehensive income	5,417,053	2,253,666

STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

Property and equipment	893,475	804,425
Intangible assets	205,304	236,934
Investment properties	4,645,825	4,246,259
Lease receivables	148,091	154,602
Loans receivables	1,928,162	2,037,005
Investment in shares	36,159,133	15,105,674
Income notes	1,080,257	895,598
Investments in government securities	1,338,107	1,874,411
Total non-current assets	46,398,354	25,354,908

Current assets

Loan receivables	34,052	79,210
Investments in government securities	18,254,826	3,145,792
Insurance receivables	2,689,719	2,043,198
Trade and other receivables	354,886	418,415
Amounts due from group companies	40	7,719
Income tax receivable	202,932	41,417
Cash and cash equivalents	9,208,498	9,222,344
Total current assets	30,744,953	14,958,095

Total assets **77,143,307** **40,313,003**

EQUITY AND LIABILITIES

Share capital	32,500	32,500
Reserves	9,205,903	4,408,851
Total share capital and reserves	9,238,403	4,441,351

Policyholders' funds **55,871,923** **30,359,800**

Total equity and policyholders' funds **65,110,326** **34,801,151**

Non-current Liabilities **10,881,041** **4,871,767**

Current liabilities

Insurance payables	615,094	263,415
Trade and other payables	446,095	355,456
Amounts due to group companies	90,751	21,214
Total Liabilities	12,032,981	5,511,852

Total equity, policyholders' funds and liabilities **77,143,307** **40,313,003**

STATEMENT OF CASHFLOWS

Net cash flows from operating activities	8,011,724	4,145,553
Net cash flows (to)/from investing activities	(7,490,569)	153,518
Net cash flows to financing activities	(535,001)	(526,300)
Net (decrease)/increase in cash and cash equivalents	(13,846)	3,772,771

Cash and cash equivalents at 1 January 9,222,344 5,449,573

Cash and cash equivalents at 31 December 9,208,498 9,222,344

Increase in net working capital 15,275,002 7,006,788

PERFORMANCE OVERVIEW

NICO Life's gross revenue grew by 75% as compared to prior year. Profit after tax is 140% higher than prior year standing at MK 5.4 billion (2012: MK 2.2 billion). Total assets at MK 77 billion have increased by 91% (2012: 41%). This excellent performance is attributed particularly to the increased yield on investments and also to good business strategies that were in place.

The board has declared a 60% bonus to our deposit administration pension funds for the year 2013 and a 30% increase for all NICO pensions.

Among the challenges faced by the country, the depreciation of the kwacha, high interest rates and high inflation affected some business lines as disposable income for our clients continued to decline resulting in low sales and increased cancellations of individual life policies.

PROSPECTS

Inflation will remain a challenge to the business for the rest of 2014. We expect more stability in the exchange rate in the immediate future but stability in the long medium term will depend on the speed with which government budgetary support is restored. The uncertainty associated with elections will add to the challenges. Despite these uncertainties, strategies have been put in place to ensure good performance in the year.

We will continue to focus on quality service, product innovation and expense management by enhancing operational efficiency and effectiveness, investing in our employees and the environment with the aim of creating value for our clients and all stakeholders. In this regard we will continue to maximise the synergies that exists in the NICO and Sanlam networks all over Africa focusing on systems and process reengineering. We shall continue to expand on existing distribution channels with a particular focus on alternative distribution channels in a bid to enhance affordable client access to our products and customer service.

We look forward to another successful year in 2014.

FL Mlusu
Chairman

L Chikadya
Director

27th March 2014
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, 2013.

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, 2013, and the summary statements of profit or loss and comprehensive income and 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, 2013. We expressed an unmodified audit opinion on those financial statements in our report dated 27 March, 2014. 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 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' and Management's Responsibility for the Summary Financial Statements

Directors' and management are responsible for the preparation of a summary of the audited financial statements in accordance with International Financial Reporting Standards (IFRS).

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, 2013 are consistent, in all material respects, with those financial statements, in accordance with the International Financial Reporting Standards (IFRS) and Malawi Companies Act.



Certified Public Accountants and Business Advisors
Blantyre,
Malawi

27 March 2014