

OLD MUTUAL INVESTMENT GROUP COMPANY LIMITED

Registration number 11221

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

(In thousands of Malawi Kwacha)

31-Dec-16 31-Dec-15

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Fees income	1,064,765	853,704
Other income	17,202	13,049
Total income	1,081,967	866,753
Operating expenses	(799,642)	(399,659)
Profit from operations before income tax expense	282,325	467,094
Net finance income	43,855	47,090
Profit before income tax expense	326,180	514,184
Income tax expense	(97,911)	(154,255)
Net profit and other comprehensive income for the year	228,269	359,929

SUMMARY STATEMENT OF FINANCIAL POSITION

ASSETS EMPLOYED

Non-current assets

Equipment	41,005	19,010
Deferred tax asset	6,468	3,482
Total non-current assets	47,473	22,492

Current Assets

Trade and other receivables	149,892	29,515
Amounts due from group companies	154,740	318,526
Cash and cash equivalents	154,600	85,862
Total current assets	459,232	433,903
Total assets	506,705	456,395

EQUITY AND LIABILITIES

Share capital	50,000	50,000
Retained earnings	248,405	290,136
Total equity	298,405	340,136
Current liabilities		
Trade and other payables	183,973	63,543
Income tax payable	24,327	52,716
Total current liabilities	208,300	116,259
Total equity and liabilities	506,705	456,395

SUMMARY STATEMENT OF CASHFLOWS

Net cash from operating activities	366,904	111,003
Net cash to investing activities	(28,166)	(22,703)
Net cash used in financing activities	(270,000)	(280,000)
Net increase/(decrease) in cash and cash equivalents	68,738	(191,700)
Cash and cash equivalents at 1 January	85,862	277,562
Cash and cash equivalents at 31 December	154,600	85,862

SUMMARY STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total
At 1 January 2016	50,000	290,136	340,136
Profit for the year	-	228,269	228,269
Dividends paid	-	(270,000)	(270,000)
At 31 December 2016	50,000	248,405	298,405
At 1 January 2015	50,000	210,207	260,207
Profit for the year	-	359,929	359,929
Dividends paid	-	(280,000)	(280,000)
At 31 December 2015	50,000	290,136	340,136

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 statements of financial position, profit or loss and other comprehensive income, changes in equity 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.

REVIEW OF THE YEAR

The economic environment remained challenging in 2016 as inflation and interest rates remained very high resulting in subdued economic growth which was estimated at 2.9%. While the Interest Bearing Assets gave on average a positive real return, the Malawi All Share Index lost 8.53%.

Notwithstanding all this, the business performed relatively well as core income grew by over 25%. Due to a once-off investment in an upgraded ICT platform, our operating expenses increased significantly in the year resulting in a decline in profit before tax from K514.2 million in 2015 to MK326.2 million in 2016.

OUTLOOK

The economy is expected to improve in 2017 due to a better agricultural season compared to last year. In addition, the equity market is likely to turn positive in 2017 as inflation and interest rates continue to decline which should lead to better investment performance for our clients.

The board will therefore continue to focus on improving the customer experience and introduce new products in order to deliver client value.

BY ORDER OF THE BOARD

E. Jiya
Chairperson
28th April, 2017

M. Mikwamba
Managing Director

Independent Auditor's Report on the Summary Financial Statements to the shareholders of Old Mutual Investment Group Malawi Limited

Opinion

The summary financial statements, which comprise the summary statements of financial position as at 31 December 2016, the summary statements of profit or loss and other comprehensive income, changes in equity, cash flows for the year then ended, and basis of preparation note, are derived from the audited financial statements of Old Mutual Investment Group Company Limited ("the Company") 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 basis of preparation note.

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 summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our audit report on the audited financial statements.

Other Matter

We have not audited the Review of the year and Outlook publication commentary included in the accompanying summary financial statements and accordingly do not express any opinion thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 31 March 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.



KPMG



Lamion M. Gama
Chartered Accountant (Malawi)
Partner
Blantyre, Malawi
28th April, 2017

