

OLD MUTUAL LIFE ASSURANCE COMPANY (MALAWI) LIMITED
Registration Number 5051

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		
Net revenue	48,625,619	47,742,268
Claims and benefits	(39,234,526)	(41,342,780)
Administrative expenses	(4,588,537)	(2,382,527)
Profit before income tax expense	4,802,556	4,016,961
Income tax expense	(835,443)	(679,074)
Profit for the year	3,967,113	3,337,887
Other comprehensive income		
Property revaluation gain/(loss)	40,160	(57,236)
Policy holder property revaluation (shadow accounting)	(40,160)	57,236
Total comprehensive income	3,967,113	3,337,887
EARNINGS PER SHARE		
Basic and diluted earnings per share based on profit attributable to ordinary shareholders	1,075,098	904,576
Weighted average number of ordinary shares	3,690	3,690

	31-Dec-16	31-Dec-15
SUMMARY STATEMENT OF FINANCIAL POSITION		
ASSETS EMPLOYED		
Property and equipment	1,000,941	863,963
Investment properties	3,148,470	2,935,970
Other investments and loans receivables	131,025,477	119,051,913
Insurance and other receivables	2,547,591	1,310,328
Cash and cash equivalents	34,455,308	23,677,257
LIABILITIES	159,943,367	137,572,124
Life assurance and pension fund liabilities	154,086,909	133,608,667
Deferred tax liabilities	1,936,994	1,362,568
Insurance and other payables	3,919,464	2,600,889
EQUITY	12,234,420	10,267,307
Share capital and share premium	2,678,841	2,678,841
Reserves	9,555,579	7,588,466
TOTAL EQUITY AND LIABILITIES	172,177,787	147,839,431

	31-Dec-16	31-Dec-15
SUMMARY STATEMENT OF CASHFLOWS		
Net cash flows from operating activities	30,033,785	32,514,431
Net cash flows used in investment activities	(17,255,734)	(22,439,837)
Net cash flows used in financing activities	(2,000,000)	(1,500,000)
Net (decrease)/increase in cash and cash equivalents	(10,778,051)	8,574,594
Cash and cash equivalents at 1 January 2016	23,677,257	15,102,663
Cash and cash equivalents at 31 December 2016	34,455,308	23,677,257

	Share Capital	Share premium	Retained earnings	Total
At 1 January 2016	37	2,678,804	7,588,466	10,267,307
Profit and other comprehensive income for the year	-	-	3,967,113	3,967,113
Dividends paid	-	-	(2,000,000)	(2,000,000)
At 31 December 2016	37	2,678,804	9,555,579	12,234,420
At 1 January 2015	37	2,678,804	5,750,579	8,429,420
Profit and other comprehensive income for the year	-	-	3,337,887	3,337,887
Dividends paid	-	-	(1,500,000)	(1,500,000)
At 31 December 2016	37	2,678,804	7,588,466	10,267,307

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

Shareholder analysis

Old Mutual Life Assurance Company (Malawi) Limited is a wholly owned subsidiary of Old Mutual (Malawi) Limited whose ultimate holding company is Old Mutual Plc. Old Mutual Plc is incorporated in the United Kingdom and listed on the London Stock Exchange with secondary listings on the Johannesburg, Namibia, Zimbabwe, and Malawi stock exchanges.

Business activities

The principal activity of Old Mutual Life Assurance Company (Malawi) Limited is the transaction of all classes of life assurance business, long-term savings, and retirement fund administration. Old Mutual Life Assurance Company (Malawi) Limited invests in property, equity and interest bearing assets. In 2017, the business is working to separate the life insurance and pension administration business in line with regulatory requirements.

Financial performance

In line with the Financial Services Act 2010, we present herewith 2016 results of Old Mutual Life Assurance Company (Malawi) Limited.

The company achieved total revenues of MK48.6bn (2015:MK47.7bn) which represents a 2% increase on last year. The increase in 2016 was affected by the negative performance of the equity market which registered a negative return of 8.53%. Profit before income tax was K4.8bn compared to K4.0bn in 2015.

Life insurance and pensions

Gross earned premiums grew by 16% to K31.9bn in 2016 from K27.7bn in 2015. This was driven by new business growth in the corporate segment. Investment income was K17.1bn compared to K20.5bn in the previous year.

Investments

Total assets grew by 17% to MK172.2bn in 2016 from MK147.8bn in 2015 mainly due to net cash inflows and decent investment returns.

Dividend

Total dividends paid in 2016 were K2.0bn compared to K1.5bn in 2015.

ECONOMIC HIGHLIGHTS AND PROSPECTS

National inflation decreased from 25% at December 2015 to 20% in December 2016. Inflation is likely to continue declining in 2017 as a result of anticipated subdued food inflationary pressures emanating from expected good crop harvest this year.

Old Mutual Life Assurance Company (Malawi) Limited is fully committed to delivering value to both policyholders and shareholders.

BY ORDER OF THE BOARD

James Kamsesa
Director
31 May, 2017

Tavona Biza
Managing Director

ACTUARY'S CERTIFICATE

For the year ended 31st December, 2016

I hereby certify that to the best of my knowledge and belief, based on an actuarial valuation of liabilities and accounts provided to me by the company, the liabilities under unexpired life policies issued by the Old Mutual Life Assurance Company (Malawi) do not exceed the amount of the life insurance fund as at 31st December, 2016.

Andrew Gladwin

Appointed Actuary, OMLAC (Malawi) BBusSC (Hons), FASSA, FIA

9th February, 2017

Independent Auditor's Report on the Summary Financial Statements to the shareholders of Old Mutual Life Assurance Company (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 Life Assurance Company (Malawi) 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.

Other Matter

We have not audited the Review of the year, Economic Highlights and Prospects and Actuary's Certificate commentary included in the accompanying summary financial statements and accordingly do not express any opinion thereon.

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 Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 31 May 2017. That report also includes 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 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
31 May 2017

