



NICO
Asset Managers

SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020



**ACHIEVE YOUR
FINANCIAL GOALS**



SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of Malawi Kwacha

	Consolidated		Separate	
	2020	2019	2020	2019
INCOME				
Fee income	5,314,578	3,708,473	4,748,678	4,283,103
Interest income	6,004,134	3,464,631	91,674	60,044
Other income	768,243	693,153	768,243	693,153
Total income	12,086,955	7,866,257	5,608,595	5,036,300
Operating expenses	(4,111,067)	(2,851,880)	(2,366,745)	(2,775,980)
Interest expense	(4,734,038)	(2,754,057)	-	-
Total expenses	(8,845,105)	(5,605,937)	(2,366,745)	(2,775,980)
Operating profit	3,241,850	2,260,320	3,241,850	2,260,320
Shared services costs	(238,071)	(145,594)	(238,071)	(145,594)
Profit before income tax expense	3,003,779	2,114,726	3,003,779	2,114,726
Income tax expense	(905,477)	(689,052)	(905,477)	(689,052)
Profit for the year	2,098,302	1,425,674	2,098,302	1,425,674
Basic and diluted earnings per share (MK)	41.97	28.51	41.97	28.51

SUMMARY STATEMENTS OF FINANCIAL POSITION

In thousands of Malawi Kwacha

	Consolidated		Separate	
	2020	2019	2020	2019
ASSETS				
Non-current assets				
Equipment	165,426	138,759	165,426	138,759
Intangible assets	8,487	14,303	8,487	14,303
Investment in subsidiary	-	-	50	50
Right of use assets	21,593	84,977	21,593	84,977
Deferred tax assets	52,955	36,903	52,955	36,903
Total non-current assets	248,461	274,942	248,511	274,992
Current assets				
Trade and other receivables	627,096	284,764	1,237,246	893,567
Amounts due from group companies	162,547	32,048	29,079	32,048
Client funds under management	66,262,868	39,688,766	-	-
Cash and cash equivalents	1,238,704	1,569,690	1,236,745	1,312,445
Total current assets	68,291,215	41,575,268	2,503,070	2,238,060
Total assets	68,539,676	41,850,210	2,751,581	2,513,052

EQUITY AND LIABILITIES

Equity				
Share capital	2,500	2,500	2,500	25,000
Share premium	47,500	47,500	47,500	47,500
Retained earnings	1,420,112	1,271,810	1,420,112	1,271,810
Total equity	1,470,112	1,321,810	1,470,112	1,321,810
Non-current liabilities				
Lease liabilities	23,139	86,907	23,139	86,907
Current liabilities				
Bank overdraft	1,404,983	-	-	-
Trade and other payables	276,502	522,638	212,983	427,114
Other accruals and provisions	255,170	405,888	251,893	401,871
Amounts due to group companies	428,232	49,855	447,802	80,906
Lease liabilities	18,716	20,515	18,716	20,515
Client funds payable	64,335,886	39,268,668	-	-
Income tax payable	326,936	173,929	326,936	173,929
Total current liabilities	67,046,425	40,441,493	1,258,330	1,104,335
Total equity and liabilities	68,539,676	41,850,210	2,751,581	2,513,052

SUMMARY STATEMENTS OF CHANGES IN EQUITY

In thousands of Malawi Kwacha

	Consolidated		Separate	
	2020	2019	2020	2019
Balance at 1 January	1,321,810	650,448	1,321,810	650,448
IFRS 16 restatement	-	(14,312)	-	(14,312)
Profit for the year	2,098,302	1,425,674	2,098,302	1,425,674
Dividends paid	(1,950,000)	(740,000)	(1,950,000)	(740,000)
Balance at 31 December	1,470,112	1,321,810	1,470,112	1,321,810

SUMMARY STATEMENTS OF CASHFLOWS

In thousands of Malawi Kwacha

	Consolidated		Separate	
	2020	2019	2020	2019
Net cash (used in)/ generated from operating activities	(4,182,593)	(1,399,680)	1,883,252	1,493,106
Net cash (used in)/ generated from investing activities	(20,656,084)	(11,703,089)	5,558	1,665
Net cash generated from/ (used in) financing activities	23,102,708	14,092,136	(1,964,510)	(754,356)
Net (decrease)/ increase in cash and cash equivalents	(1,735,969)	989,367	(75,700)	740,415
Cash and cash equivalents at 1 January	1,569,690	580,323	1,312,445	572,030
Cash and cash equivalents at 31 December	(166,279)	1,569,690	1,236,745	1,312,445
Increase in net working capital	111,015	812,917	111,015	812,917

OTHER INFORMATION

	Current Yr Amount (K'000)	Prior Yr Amount (K'000)
Funds under management	680,636,496	551,828,490

Summary of performance

	Gross returns (%)		Returns (Net of fees) (%)	
	Current Yr	Prior Yr	Current Yr	Prior year
Pension funds	17.99%	18.45%	17.66%	18.12%
General insurance companies	13.36%	15.36%	12.96%	14.98%
Life insurance companies	19.41%	18.74%	18.88%	18.43%
Collective investment schemes	14.87%	18.23%	14.48%	18.57%
Money market funds	14.52%	12.85%	12.14%	10.04%
Property funds	15.62%	15.94%	15.22%	15.50%
Other funds	12.06%	9.15%	11.98%	8.82%

BASIS OF PREPARATION

The accompanying summary consolidated and separate financial statements have been prepared in accordance with the requirements of the Financial Services Act, 2010 of Malawi. The directors have considered the requirements of the Financial Services Act, 2010 and believe that the summary consolidated and separate statements of financial position, summary consolidated and separate statements of profit or loss and other comprehensive income, summary consolidated and separate statements of changes in equity and summary consolidated and separate statements of cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements.

The amounts in the summary consolidated and separate financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards. The summary consolidated and separate financial statements have been derived from the annual consolidated and separate financial statements which were approved by the Board of Directors on 22 March 2021, and are available at the registered office of the Company.

PERFORMANCE

The Board announces a pre-tax profit of K3.0 billion (2019: K2.1 billion), representing a growth of 42%. Total income at K12.1 billion was 54% above the previous year's income of K7.9 billion largely due to growth in assets under management and other investment management fees. Operating expenses increased by 44% largely due to increased staff costs emanating from capacity enhancement, business acquisition related costs and IT related expenses. Interest expenses increased by 72% due to growth in the Nominees book.

COVID 19 RESPONSE

In response to the covid 19 pandemic which the country is experiencing, the company has currently implemented measures as stipulated in various guidelines issued by the NICO Group and other authorities to minimise the impact of the pandemic on clients, staff and the business. The company has also put in place measures to ensure that the business is able to continue serving clients needs with minimal disruptions amidst the continued impact of the pandemic.

OUTLOOK

The Covid-19 pandemic will have an impact on the growth prospects for the group and the industry at large. Although the full impact cannot be fully ascertained at this moment, the group expects that it will likely affect growth of Assets Under Management.

Although inflation and exchange rates have remained fairly stable over the previous year, the economic environment is still vulnerable to weather conditions and external shocks. The group will focus on increasing investment opportunities for assets under management and containing costs. Through this strategy the group will continue to focus on delivering competitive investment returns to the clients while diversifying product portfolio to mitigate against prevailing risks.

BY ORDER OF THE BOARD

CHAIRMAN Vizenge Kumwenda	CHIEF INVESTMENT OFFICER Daniel Dunga	CHIEF FINANCE OFFICER James Tsonga

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NICO ASSET MANAGERS LIMITED

OPINION

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statements of financial position as at 31 December 2020, and the summary consolidated and separate statements of comprehensive income, summary consolidated and separate statements of changes in equity and summary consolidated and separate statements of cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of NICO Asset Managers Limited (the group) for the year ended 31 December 2020.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements of NICO Asset Managers Limited, and the basis described on the basis of preparation paragraph.

SUMMARY FINANCIAL STATEMENTS

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon. The summary consolidated and separate financial statements and the audited consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 31 March 2021. 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 of the current year.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the basis described on the basis of preparation paragraph.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised) Engagements to Report on Summary Financial Statements.

Deloitte.

Chartered Accountants
Vilengo Beza
Partner

23 April 2021

