

BUSINESS REPORT

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MANAGEMENT REPORT

for the year ended 31 december 2016

BOARD OF DIRECTORS

Wolfgang Felser - Chairman
Petros Petrides
Christos Michael
Aristodemos Aristodemou
Daniela Uhlmann
Peter Hronovsky

The Board of Directors of Medlife Insurance Limited presents to the member its management report and audited financial statements of the Company for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of Medlife Insurance Ltd. (the Company) is the sale of life assurance policies.

RESULTS

The income statement of the year is presented on page 8 of the financial statements. The Company shows profits before taxation charge in the amount 9,1 Mio USD in 2016 (2015: 10,5 Mio USD).

DIVIDENDS

On 11 November 2016, the Board of Directors approved the payment of an interim dividend from the profits of 2016 of USD 0,50847 per share (2015: USD 0,50847 per share), amounting to USD 4 500 000 (2015: USD 4 500 000) in total.

BOARD OF DIRECTORS

The members of the Board of Directors as at 31 December 2016 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2016. In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office. There were no significant changes in the remuneration of the members of the Board of Directors.

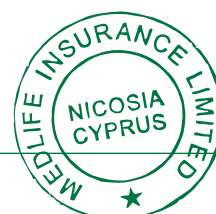
INDEPENDENT AUDITORS

The independent auditors, Deloitte Limited, have expressed their willingness to continue in office and a resolution authorising the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD OF DIRECTORS



Wolfgang Felser
Chairman



Nicosia, 3 March 2017

2016

MEDLIFE BUSINESS REPORT

FINANCIAL POSITION AND RESULTS



The information included in the summarized financial position and results of Medlife Insurance Ltd. for 2016 have been extracted from the Financial Statements of Medlife Insurance Ltd. for 2016 which were audited by Deloitte Limited, Certified Public Accountants and registered Auditors in Cyprus, 24 Spyrou Kyprianou Avenue, 1075 Nicosia, Cyprus. A clean (unqualified) audit report dated 3 March 2017 has been rendered on the Financial Statements.



2016

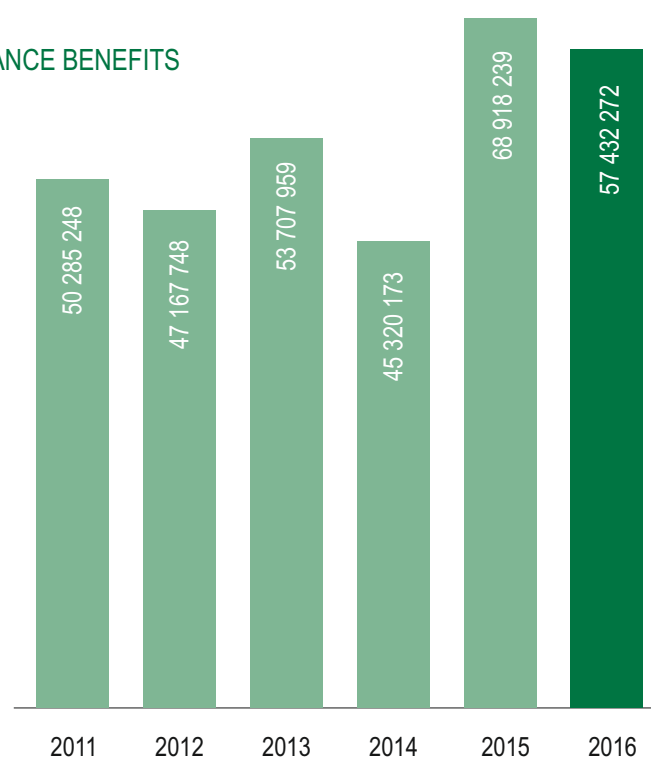
MEDLIFE BUSINESS REPORT

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

2016	2015	USD
42 505 816	51 508 090	Gross written premiums
3 477 866	4 459 191	Movement in gross unearned premium reserve
45 983 682	55 967 281	Gross change earned premiums
(1 510 521)	(1 987 600)	Reinsurance premiums
(197 486)	(303 717)	Change in reinsurance share of movement in gross unearned premium reserve
44 275 675	53 675 964	Net earned premiums
16 298 824	18 961 023	Net investment income
563 500	755 695	Commission income
147 895	155 842	Other income
61 285 894	73 548 524	Total income

INSURANCE BENEFITS





INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

USD	2016	2015
Surrenders paid	(33 620 487)	(41 226 749)
Maturities paid	(25 150 975)	(26 158 605)
Other claims paid	(1 138 304)	(1 198 477)
R/I share on claims paid	109 238	166 412
Net claims paid	(59 800 528)	(68 417 419)
Net change in outstanding claims reserve	2 368 256	(500 820)
Net claims incurred	(57 432 272)	(68 918 239)
Aquisition expenses	(5 914 661)	10 100 215
Change in Life assurance funds - net	14 232 733	19 644 214
Impairment loss on PPE	(42 000)	-
Administration expenses	(3 083 597)	(4 395 356)
Interest on policyholders prepayments	(254 368)	(283 887)
Foreign exchange loss/(gain)	319 804	1 053 867
Total expenses	(52 174 361)	(62 999 616)
Profit before taxation	9 111 533	10 548 908
Taxation charge	(612 928)	(27)
Profit of the year	8 498 605	10 548 881

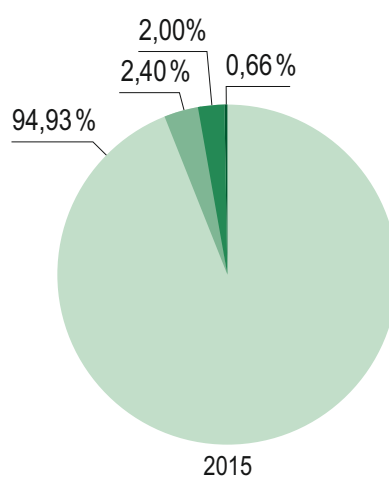
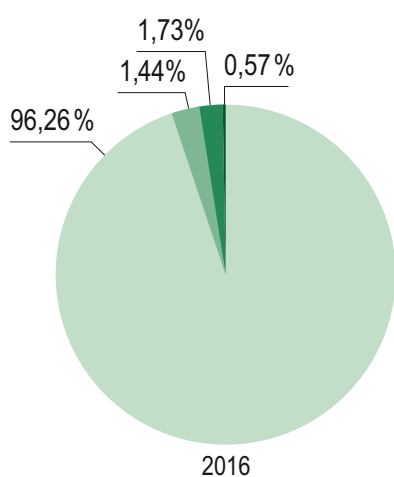
2016

MEDLIFE BUSINESS REPORT

STATEMENT OF FINANCIAL POSITION

ASSETS

2016	2015	USD
		ASSETS
7 806 739	13 590 665	Cash and cash equivalents
6 748 570	8 118 250	Investments held at fair value through profit or loss
9 369 345	11 336 760	Amounts receivables
2 784 807	3 261 449	Reinsurance assets
466 376 127	470 650 669	Investments available for sale
48 108 686	58 064 197	Held-to-maturity investments
311 158	369 771	Property, plant and equipment
-	125 201	Taxation
541 505 432	565 516 962	Total assets



- Investments
- Cash and bank deposits
- Debtors
- Others

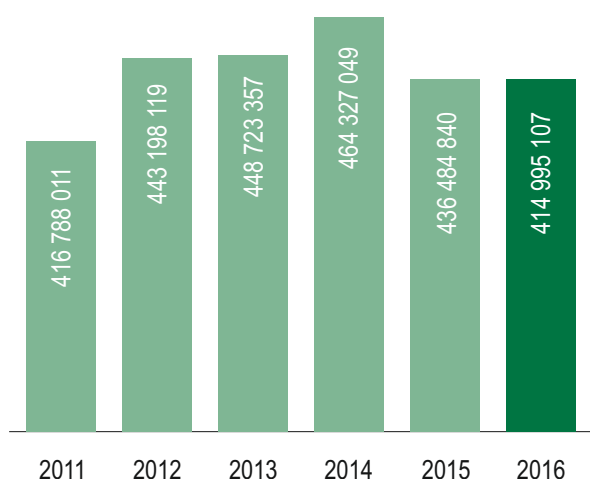


STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY

USD	2016	2015
LIABILITIES		
Amounts due to reinsurers	834 601	1 065 494
Creditors and accrued liabilities	5 817 758	7 605 176
Prepaid premiums	31 825 697	32 794 366
Taxation	228 181	0
Insurance contract liabilities	414 995 107	436 484 840
Total liabilities	453 701 344	477 949 976
EQUITY		
Issued Capital	15 018 221	15 018 221
Retained Earnings	35 196 446	31 197 841
Other Reserves	37 589 421	41 351 024
Total equity	87 804 088	87 567 086
Total liabilities and equity	541 505 432	565 516 962

INSURANCE CONTRACT LIABILITIES



NOTES TO THE FINANCIAL STATEMENT



31 December 2016

INCORPORATION AND PRINCIPAL ACTIVITIES

Medlife Insurance Ltd. was incorporated in Cyprus on 2 December 1994 as a private company with shares in accordance with the provisions of the Companies Law, Cap 113. The principal activity of the Company is the sale of life assurance policies.

The Company's registered office is at 11 Florinis Street, City Forum, 1065 Nicosia, Cyprus.

AMOUNTS DUE TO REINSURERS

The Company has a reinsurance treaty with Grazer Wechselseitige Versicherung AG (GRAWE) of Austria and a reinsurance treaty with Grawe Reinsurance Limited covering all risk policies.

The Company also has an excess of loss re occurrence reinsurance treaty with Grazer Wechselseitige Versicherung AG (GRAWE) which covers general accident insurance riders in life insurance policies. According to the principles of excess loss reinsurance, the reinsurer indemnifies the ceding company for a portion of the final net loss in excess of the stipulated primary retention.

CREDITS AND ACCRUED LIABILITIES (USD)

The following amounts are included in creditors. Creditors and accrued liabilities (USD)

2016	2015	
4 654 696	5 874 904	Amounts due to related companies
95 295	135 451	Other creditors
205 712	230 365	Accrued expenses
862 055	1 364 456	Amounts due to brokers
5 817 758	7 605 176	

LIFE ASSURANCE RESERVES

A valuation of the liabilities of the life reserve of the Company is carried out every year by the Company's actuary. The Directors of the Company have been informed by the Company's actuary that the assets of the life fund are at least enough to cover the liabilities to the insured persons at 31 December 2016.

SHARE CAPITAL (USD)

2016	2015
15 018 221	15 018 221

Authorized, issued and fully paid 8 850 000 shares of EUR 1,71 each (2015: EUR 1,71 each).



HEAD OFFICE:

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