



FINANCIAL STATEMENTS

For the year ended 31 December 2024





FINANCIAL STATEMENTS

For the year ended 31 December 2024

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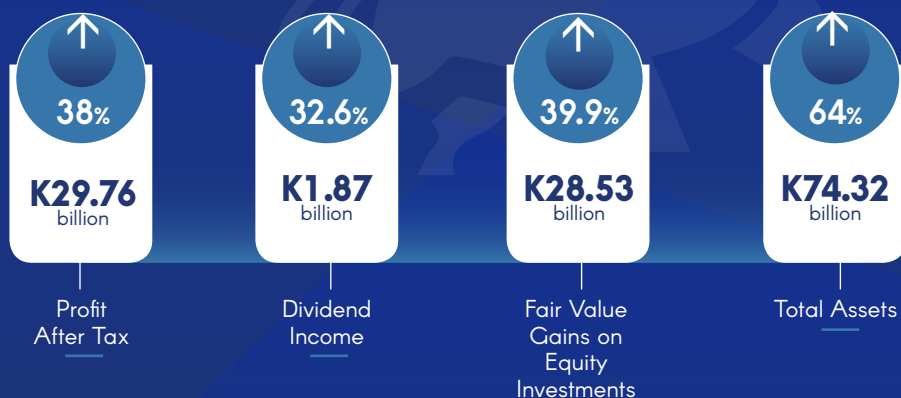


FINANCIAL STATEMENTS

For the year ended 31 December 2024

DIRECTORS' REPORT

For the year ended 31 December 2024



Nature of Business

The company is a closed end collective investment scheme established with the objective of providing investors with the opportunity to invest in a diversified portfolio of equity investments, bonds, property and equity of property companies and money market investments in Malawi. The company is licensed by the Registrar of Financial Institutions in accordance with the Financial Services Act 2010.

Share capital

Details of the current authorised and issued share capital are set out in note 10. An analysis of shareholders by type and holding is set out in note 22 to the financial statements.

Financial performance

The company recorded a Profit After Tax (PAT) of K29.76 billion for the year ended 31st December 2024 compared to K21.50 billion reported in the same period last year representing an increase of 38% year-on-year. The growth in profitability was driven by increase in dividend income K1.87 billion (2023: K1.41 billion) and the increase in fair value gains on equity investments K28.53 billion (2023: K20.40 billion) owing to an impressive performance of the Malawi Stock Exchange (MSE) which registered a positive return on index of 55.06% (2023: 78.85%). Total assets closed at K74.32 billion (2023: K45.27 billion) up by 64% driven by the growth in equity investments and investment in government securities.

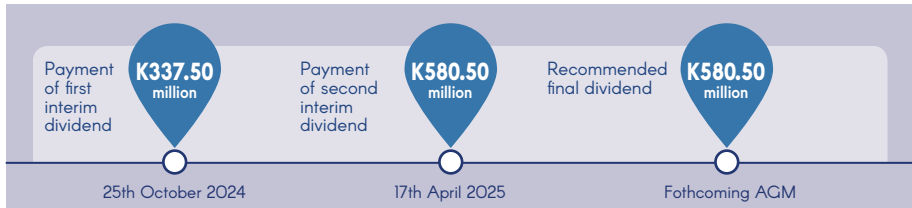
Dividends

The Board of Directors at its meeting held on 25th March 2025 approved the payment of a second interim dividend of **K580.50 million** (2023: K0.00) representing **K4.30 per share**. A first interim dividend of **K337.50 million** (2023: K202.50 million) representing **K2.50 per share** (2023: K1.50 per share)

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2024

was paid on 25th October 2024 to shareholders registered in the company's share register on 18th October 2024. The Directors recommend a final dividend of **K580.50 million** (2023: K675.00 million) representing **K4.30 per share** (2023: K5.00 per share) for declaration at the forthcoming Annual General Meeting.



Directors

The following directors served in office during the period under review and Six Board meetings were held.

All directors are non-executive.

The regulations governing collective investment schemes stipulate that the majority of directors of the company must not be affiliated persons. None of the directors are affiliated persons.

In terms of the company's articles of association Mr. G. Msisha and Mr. D. Manyenje retire at the forthcoming annual general meeting. All the retiring directors are eligible for re-election.

The directors' direct or indirect interest in the shares of the company as at end of the reporting period is detailed in note 18 to the financial statements.

	Period	Attendance	Attendance Record %
Mrs. Esther Gondwe	Throughout the year	6/6	100%
Mr. Peter Nkata	Up to 26 July 2024	2/6	33%
Mr. Godfrey Msisha	Throughout the year	6/6	100%
Mr. Davis Manyenje	Throughout the year	6/6	100%
Mrs. Lissa Machinjili	Throughout the year	6/6	100%
Mr. Michael Kadumbo	Throughout the year	4/6	66%
Mr. Terence Nsamala	Throughout the year	6/6	100%
Mr. Jolly Nkhonjera	From 25 November 2024	1/6	16%

Statement on corporate governance

The company has a unitary board of directors comprising seven non-executive directors. There are no executive directors.

The Board complies with the major principles of modern corporate governance as contained in the Code of Best Practice for Corporate Governance in Malawi (The Malawi Code II).

The Board meets at least four times a year. Adequate and efficient communication and monitoring systems are in place to ensure that the directors receive all relevant information to guide them in making necessary strategic decisions, and providing effective leadership, control and strategic

direction over the company's operations, and in ensuring that the company fully complies with relevant legal, ethical and regulatory requirements.

In accordance with The Malawi Code II, the Board regularly assesses its performance and effectiveness as a whole as well as that of individual directors.

Board Committees

a) Finance and Audit Committee

The Finance and Audit Committee conducts its business in accordance with detailed terms of reference and does the following:

- monitors the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, including reviewing significant financial reporting judgments contained in them;
- reviews the company's internal financial controls to ensure the operation of adequate systems and control processes to safeguard the company's assets;
- reviews the company's policies and procedures to ensure they adequately address compliance and regulatory issues;
- oversees the company's relationship with its external auditor and reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process; and
- makes recommendations to the Board, for it to put to shareholders for their approval in general meeting, in relation to the appointment and remuneration of external auditors.

During the period under review, the Finance and Audit Committee held four meetings.

	Attendance	Attendance Record %
Mr. Godfrey Msisha	4/4	100
Mrs. Lissa Machinjili	4/4	100
Mr. Michael Kadumbo	4/4	100

b) Investment Committee

The Board appointed an Investment Committee whose role is to supervise and assist the Fund Manager of the company in its investment decisions. The Fund Manager reports to the Investment Committee on all investment purchases and disposals and also has to seek prior authorisation from the Committee before undertaking transactions with a value in excess of K300 million. Transactions in excess of K300 million require approval from the Board of Directors.

During the period under review, four Investment Committee meetings were held.

	Attendance	Attendance Record %
Mr. Terence Nsamala	4/4	100
Mr. Davis Manyenje	4/4	100
Mr. Peter Nkata	2/4	50

Ethical Standards

The Board is fully committed to ensuring the company's affairs are conducted with integrity and that the highest ethical standards are maintained.

Directors' fees

Currently, the chairperson of the Board receives an annual fee of K7,920,000 (2023: K6,000,000) and directors receive an annual fee of K6,336,000 (2023: K4,800,000) each, together with sitting allowances at the rate of K400,000 (2023: K283,722) for the chairperson and K350,000 (2023: K211,202) for other directors for each meeting attended.

At the forthcoming annual general meeting, it will be proposed that fees and sitting allowances be reviewed based on recommendations from the Board.

Management

The company has a 3-year agreement with NICO Asset Managers Limited which commenced on 1 August 2024, under the terms of which NICO Asset Managers Limited is contracted as sole managers of the company.

Subject to the overall policy and direction of the Board, the Fund Manager has day-to-day administrative and general control and discretion in the management, in accordance with the investment policy of the company throughout the term of the agreement.

Specific duties of Fund Manager include:

- To ensure adequate administrative, secretarial, accounting, financial and internal control systems are maintained; and
- To ensure the establishment of acceptable custodial arrangements to ensure the safe custody of the company's assets.

NICO Asset Managers Limited is licensed as an investment/portfolio manager by the Reserve Bank of Malawi under the authority vested in it by the Financial Services Act.

Custodian

In 2022, the company was granted an exemption not to solicit custodial services for listed equities by the Registrar of Financial Institutions because of the introduction of the Central Securities Depository (CSD). NITL share certificates were dematerialized (converting physical shares into electronic format) and are now held in CSD through a broker, Cedar Capital Limited. Unlisted equity shares are held with Standard Bank Malawi Plc as the custodian.

Independent auditors

Remuneration for the auditors, AMG Global, for the audit of the year ended 31 December 2024 was K20.57 million (2023: K15.83 million). The auditors have expressed their willingness to continue in office as auditors in respect of the company's 2025 annual financial statements and a resolution proposing their appointment will be tabled at the forthcoming Annual General Meeting.



Esther Gondwe (Chairperson)



Godfrey Msisha (Director)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2024



The Malawi Companies Act, 2013 requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results for that year.

The Act also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act, 2013.

In preparing the financial statements the directors accept responsibility for ensuring the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable Accounting Standards when preparing financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to maintain adequate systems of internal controls to prevent and detect fraud and other irregularities.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results.

Approval of the financial statements

The financial statements of the company as indicated above, were approved by the board of directors on 26 March 2025 and were signed on its behalf by:

Esther Gondwe (Chairperson)

Godfrey Msisha (Director)

**The directors
are of the
opinion that
the financial
statements
give a true
and fair view
of the state of
the financial
affairs of
the company
and of its
operating
results.**

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Chartered Accountants
& Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of National Investment Trust plc

Opinion

We have audited the financial statements of National Investment Trust plc (the company) set out on pages 14 to 46, which comprise the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Malawi Companies Act, 2013, and IAS 29, Reporting in Hyper-Inflationary Economies Directive issued by the Institute of Chartered Accountants in Malawi (ICAM).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. These matters are supposed to be addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (Continued)

Valuation of unlisted shares in Continental Holdings Limited	How the matter was addressed
On 30th September 2022, National Investment Trust Plc acquired 7,128,640 unlisted shares in Continental Holdings Limited for a consideration of MK1,154,839,680. By virtue of being unlisted shares inherently the valuation of these shares at year end is subjective and requires significant application of judgement. The company had the challenge to ensure that the investee's financial statements being used as a basis of computation of fair value have their financial assets valued in accordance with IFRS 13–Fair value measurement.	<p>We obtained a share valuation report prepared by Bridgepath Capital Limited and reconciled the figures in National Investment Trust Plc's financial statements with those in the valuation report. Our review confirmed that the valuer applied the market approach, which determines value based on current pricing data of comparable companies.</p> <p>We also noted that the valuation was based on the investee company's prior-year audited financial statements and the current year's November management accounts. Additionally, we assessed the valuer's</p> <p>qualifications, experience, and independence, and found no exceptions.</p> <p>Based on our procedures, we are satisfied that the unlisted shares are fairly valued.</p>

Other Information

The directors are responsible for the other information. The other information comprises: the Directors' Report and the Statement of Directors' Responsibilities, as required by the Malawi Companies Act, 2013; the Investment Policy and the Fund Manager's Report, all of which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Malawi Companies Act, 2013 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

- As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ali Nyondo.



AMG Global
Chartered Accountants
Blantyre, Malawi

26 March 2025

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

Figures in Thousands Malawi Kwacha

ASSETS

Non-current assets

Equity investments	6(a)	71,780,518	44,750,120
Government securities	7	1,650,142	–
Total non-current assets		73,430,660	44,750,120

Current assets

Trade and other receivables	8	277,281	3,324
Cash and cash equivalents	9	614,309	519,669
Total current assets		891,590	522,993
Total Assets		74,322,250	45,273,113

Equity and Liabilities

Equity

Share capital	10	2,700	2,700
Share premium	10	169,550	169,550
Retained earnings	10	73,583,053	44,836,069
		73,755,303	45,008,319

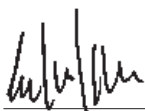
Liabilities

Non-current liabilities			
Deferred tax	13	144,568	8,353

Current liabilities

Trade and other payables	11	382,958	247,128
Income tax payable	12(a)	39,421	9,313
Total current liabilities		422,379	256,441
Total liabilities		566,947	264,794
Total Equity and Liabilities		74,322,250	45,273,113

The financial statements of the company were approved and authorized for issue by the Board of Directors on 26 March 2025 and were signed on its behalf by:



Esther Gondwe (Chairperson)



Godfrey Msisha (Director)

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

Figures in Thousands Malawi Kwacha	Note(s)	2024	2023
Revenue			
Dividend income	14	1,868,496	1,410,892
Interest income	15	245,876	44,073
Total revenue		2,114,372	1,454,965
Expenditure			
Auditor's remuneration		(20,574)	(15,827)
Directors' remuneration –fees		(43,428)	(34,800)
Directors' remuneration –allowances		(32,071)	(18,041)
Board meeting expenses		(305)	(304)
Management fees	16	(349,686)	(209,987)
Listing expenses		(38,708)	(32,502)
Transfer secretarial fees		(9,611)	(7,689)
Communication costs	17	(36,246)	(21,499)
Consultancy and legal fees		(8,155)	(6,499)
Other expenses	18	(45,626)	(22,410)
Total expenditure		(584,410)	(369,558)
Profit before fair value gain on equity investments		1,529,962	1,085,407
Fair value gain on equity investments	6(a)	28,529,350	20,400,274
Profit before tax		30,059,312	21,485,681
Income tax (charge)/credit	12(c)	(299,828)	18,872
Profit for the year		29,759,484	21,504,553
Earnings per share (tambala)			
Basic and diluted	19	220.44	159.29

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2024

Figures in Thousands Malawi Kwacha

	Share Capital	Share Premium	Retained earnings	Total
Balance at 1 January 2023	2,700	169,550	23,851,266	24,023,516
Profit for the year	-	-	21,504,553	21,504,553
Dividend paid	-	-	(519,750)	(519,750)
			20,984,803	20,984,803
Balance at 31 December 2023	2,700	169,550	44,836,069	45,008,319
Balance at 1 January 2024	2,700	169,550	44,836,069	45,008,319
Profit for the year	-	-	29,759,484	29,759,484
Dividend paid	-	-	(1,012,500)	(1,012,500)
			28,746,984	28,746,984
Balance at 31 December 2024	2,700	169,550	73,583,053	73,755,303

Dividend per share

Dividend per share is calculated by dividing the total dividends declared in the period by the weighted average number of ordinary shares in issue during the period.

	2024	2023
Total dividends paid in the period (in thousands Malawi Kwacha)	1,012,500	519,750
Weighted average number of ordinary shares in issue (thousands)	135,000	135,000
Dividend per share (Kwacha)	7.50	3.85

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2024

Figures in Thousands Malawi Kwacha	Note(s)	2024	2023
Cash flows from operating activities			
Dividends received		1,608,721	1,410,892
Interest received		245,876	44,073
		1,854,597	1,454,965
Operating expenditure paid		(462,762)	(295,862)
		1,391,835	1,159,103
Tax paid	12(b)	(133,505)	(104,741)
Net cash generated from operating activities		1,258,330	1,054,362
Cash flows from investing activities			
Disposal of shares	6(b)	2,190,341	77,595
Purchase of shares	6(b)	(691,389)	(170,818)
Purchase of government securities	7	(1,650,142)	–
Net cash used in investing activities		(151,190)	(93,223)
Cash flow from financing activities			
Dividends paid		(1,012,500)	(519,750)
Net increase in cash and cash equivalents		94,640	441,389
Cash and cash equivalents at the beginning of the period		519,669	78,280
Cash and cash equivalents at the end of the period	9	614,309	519,669

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. Reporting entity

National Investment Trust plc is a limited liability company domiciled and incorporated in Malawi under the Malawi Companies Act, 2013.

The address of the company's registered office is Chibisa House, 19 Glyn Jones Road, Post Office Box 910, Blantyre, Malawi.

2. Adoption of new and revised International Financial Reporting Standards

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the company has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2024.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the company.

2.2 Standards and Interpretations in issue and effective for the first time

At the date of authorisation of these financial statements, the following standards and interpretations were in issue and adopted for the first time:

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the company applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments.
- the information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue and effective for the first time (Continued)

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period.

However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

2.3 Standards and Interpretations in issue and but not yet effective

Amendments to IAS 21 Lack of Exchangeability

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 19 Subsidiaries without Public Accountability: Disclosures

The adoption of these new and revised Standards and Interpretations did not have a material impact on the financial statements of the company.

3. Material accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 29, Financial Reporting on Hyper-inflationary Economies

3. Material accounting policies (Continued)

Statement of compliance (Continued)

Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM).

Functional currency

The financial statements are presented in Malawi Kwacha, which is the company's functional currency. All information presented in Malawi Kwacha has been rounded to the nearest thousand, except when otherwise indicated.

Going concern basis of accounting

The financial statements have been prepared on a going concern basis, which assumes that the company will be able to realise its assets and settle its liabilities in the normal course of business.

Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act, 2013.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Malawi Kwacha, which is the company's functional currency.

The accounting policies set out below have been consistently applied by the company and are consistent with those used in the previous period.

(a) Financial instruments

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option were recognised in profit or loss, under IFRS 9 fair value changes are generally presented as follows:

3. Material accounting policies (Continued)

(a) Financial instruments (Continued)

Classification of financial assets and financial liabilities (Continued)

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of change in the fair value is presented in profit or loss.

Financial liabilities have been classified and measured under IFRS 9 at amortised cost using effective interest rate method. There has been no change in the classification and measurement of financial liabilities on the adoption of IFRS 9.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

IFRS 9 requires the company to measure the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial asset has increased significantly since initial recognition, or if the financial asset is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial asset at an amount equal to 12-months ECL.

IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The directors have reviewed the credit risk of financial assets held as at 31 December 2024 and concluded that there is no significant impact on the carrying amounts of the financial assets as regards impairment of financial assets.

Financial instruments

Derecognition

Financial assets are derecognized when the company has transferred the right to receive the contractual cash flows in which substantially all the risks and rewards of ownership of the financial assets are transferred or when the contractual rights to cash flows from the assets expire. Financial liabilities are de-recognised when the obligation is extinguished.

3. Material accounting policies (Continued)

(a) Financial instruments (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and other short term highly liquid instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Treasury bills

Treasury bills (including repos) are classified as measured at amortised cost and are initially measured at fair value.

Other financial assets

Other financial assets include dividends receivable and income notes which are measured at amortised cost using the effective interest method less impairment.

The amortised cost is the amount at which the financial asset is measured at initial recognition less principal repayments plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount minus any reduction for impairment.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Equity investments

The company's equity investments are classified as at fair value through profit or loss. Gains or losses arising from changes in fair value are included in profit or loss.

Offsetting

Financial assets and liabilities are setoff and the net amount presented in the statement of financial position when, and only when the company has legal right to set off the amounts and intends to either settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(b) Revenue recognition

Interest income is recognized in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method. Dividend income is recognized when the company has an unconditional right to receive the income (for quoted equity investments, this is usually the date on which trading in the underlying investment becomes "ex-dividend").

(c) Expenses

All expenses, including management fees are recognised in profit or loss on an accrual basis.

(d) Taxation

Income tax expense represents the sum of the tax currently payable and deferred.

3. Material accounting policies (Continued)

(d) Taxation (Continued)

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

(e) Earnings per share

The company is listed on the Malawi Stock Exchange and therefore presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by the profit or loss attributable to ordinary shareholders of the company by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares.

3. Material accounting policies (Continued)

(f) Segment reporting

The fund manager reports to the Board on a quarterly basis the income and expenditure and investment portfolio performance of the company as a whole. Based on the nature of the business there is only one segment and there are no separate geographical or operational segments.

(g) Comparatives

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current period.

4. Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates and judgements

In the application of the company's accounting policies, which are described in note 3, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying the company's accounting policies

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have most significant effect on the amounts recognized in the financial statements have been disclosed separately in note 21 of the financial statements.

5. Determination of fair values

The company's equity investments and disclosures require determination of fair value for both financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes as described in note 18 to the financial statements. When applicable,

5. Determination of fair values (Continued)

further information about the assumptions made in determining fair value is disclosed in the notes specific to that financial asset or liability.

Other receivables

The fair value of other receivables is estimated as the present value of the future cash flows discounted at market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Equity investments

All equity investments are held at fair value through profit or loss. The fair value of equity investments traded on the stock market is determined with reference to the quoted prices of the securities at the reporting date. Valuation of unquoted equity securities is determined using valuation techniques.

6a. Equity investments

	2024 K'000	2023 K'000
Cost	5,582,427	5,779,098
Cumulative adjustment for fair value	66,198,091	38,971,022
Fair value of equity investments	71,780,518	44,750,120
Fair value gain on equity investments	28,529,350	20,400,274

6b. Equity investments

Figures in thousand Malawi Kwacha	2023 Carrying amount	Additions	Disposals	Fair value adjustments	2024 Carrying amount	Cost
Year ended 31 December 2024						
LISTED EQUITY INVESTMENTS						
Illovo Sugar (Malawi) plc 1 700 454 (2023: 1 700 454) Ordinary shares of 2t each at MSE value of K1,355.08 (2023: K1,260.03) per share.	2,142,624	-	-	161,627	2,304,251	7,096
Press Corporation plc 1 763 358 (2023: 1 763 358) Ordinary shares of 1t each at MSE value of K2,499.79 (2023: K2,506.99) per share.	4,420,721	-	-	(12,696)	4,408,025	671, 074
National Bank of Malawi plc 3 810 295 (2023: 3 810 295) Ordinary shares of K1 each at MSE value of K3 462.17 (2023: K2 101.25) per share.	8,006,383	-	-	5,185,506	13,191,889	51,858
Sunbird Tourism plc 37 000 (2023: 37 000) Ordinary shares of 5t each at MSE value of K240.08 (2023: K191.07) per share	7,070	-	-	1,813	8,883	1,555
NICO Holdings plc 12 640 331 (2023: 12 640 331) Ordinary shares of 20t each at MSE value of K419.02 (2023: K150.40) per share	1,901,106	-	-	3,395,445	5,296,551	221,276
FMB capital Holdings plc 10 647 656 (2023: 10 164 367) Ordinary shares of 5t each at MSE value of K555.00 (2023: K315.00) per share	3,288,591	100,618	-	2,520,240	5,909,449	1,147,991

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

6b. Equity investments (Continued)

Figures in thousand Malawi Kwacha	2023 Carrying amount	Additions	Disposals	Fair value adjustments	2024 Carrying amount	Cost
Year ended 31 December 2024						
MPICO plc						
18 890 741 (2023: 12 390 741)						
Ordinary shares of 5t each at MSE value of K18.53						
(2023: K15.00) per share	185,861	95,290	-	68,894	350,045	290,928
Telekom Networks Malawi plc						
33 565 081 (2023: 33 565 081)						
Ordinary shares of 4t each at MSE value of K24.99						
(2023: K18.70) per share	627,667	-	-	211,124	838,791	381 410
Standard Bank Malawi Plc						
2 392 190 (2023: 2 392 190)						
Ordinary shares at MSE value of K6 483.95 (2023: K3 950.00)						
per share	9,449,150	-	-	6,061,691	15,510,841	24,338
NBS Bank plc						
51 316 112 (2023: 58 316 945)						
Ordinary shares of 50t each at MSE value of K174.07 (2023: K114.90)						
per share	6,700,617	-	765,341	2,997,320	8,932,596	231,584
Airtel Malawi plc						
9 389 104 (2023: 16 500 000)						
Ordinary shares of K1 each of MSE value per share K90.00 (2023: 60.00)	990,000	395,481	1,425,000	884,539	845,020	29,011

6b. Equity investments (Continued)

Figures in thousand Malawi Kwacha	2023 Carrying amount	Additions	Disposals	Fair value adjustments	2024 Carrying amount	Cost
Year ended 31 December 2024						
ICON Properties plc 66 797 612 (2023: 66 797 612) Ordinary shares of K1 each at MSE value K18.05 (2023: K17.85) per share	1,192,337	-	-	13,360	1,205,697	584,480
FDH Bank plc 53 251 077 (2023: 50 151 517) Ordinary shares of K1 each at MSE value K148.23 (2023: K70.00) per share	3,620,015	100,000	-	4,173,392	7,893,407	784,986
Total listed equity investments	42,532,142	691,389	2,190,341	25,662,255	66,695,445	4,427,587
6c UNLISTED EQUITY INVESTMENTS						
Continental Holdings Limited 7 128 640 (2023: 7 128 640) Ordinary shares of K1 each at a fair value of K713.33 (2023: K311.14)	2,217,978	-	-	2,867,095	5,085,073	1,154,840
Total unquoted share investments	2,217,978	-	-	2,867,095	5,085,073	1,154,840
Total equity investments	44,750,120	691,389	2,190,341	28,529,350	71,780,518	5,582,427

The company has an investment in private equity in Continental Holdings Limited (CHL), a company in the financial services sector and has seven subsidiaries namely, CDH Investment Bank Limited, Continental Asset Management Limited, Continental Capital Limited, CDH Commodities Limited, Continental Properties Limited, Continental Pension Services Company Limited, Continental Asset Management Nominees Limited. NITL plc owns 7,128,640 shares, the shares were purchased on 30th September 2022 at a consideration of K1,154.84 million. The total number of ordinary shares in issue is 167,401,912 which translates to a shareholding of 4.26% for NITL.

6b. Equity investments (Continued)

Figures in thousand Malawi Kwacha	2022 Carrying amount	Additions	Disposals	Fair value adjustments	2023 Carrying amount	Cost
Year ended 31 December 2023						
LISTED EQUITY INVESTMENTS						
Illovo Sugar (Malawi) plc 1 700 454 (2022: 2 027 862) Ordinary shares of 2t each at MSE value of K1 260.03 (2022: K540.00) per share.	918,246	-	-	1,224,378	2,142,624	7,096
Press Corporation plc 1 763 358 (2022: 1 763 358) Ordinary shares of 1t each at MSE value of K2,506.99 (2022: K2 181.37) per share.	3,846,537	-	-	574,184	4,420,721	671, 074
National Bank of Malawi plc 3 810 295 (2022: 3 810 295) Ordinary shares of K1 each at MSE value of K2 101.25 (2022: K1 542.05) per share.	5,875,666	-	-	2,130,717	8,006,383	51,858
Sunbird Tourism plc 37 000 (2022: 37 000) Ordinary shares of 5t each at MSE value of K191.07 (2022: K92.06) per share	3,406	-	-	3,664	7,070	1,555
NICO Holdings plc 12 640 331 (2022: 12 640 331) Ordinary shares of 20t each at MSE value of K150.40 (2022: K60.00) per share	758,420	-	-	1,142,686	1,901,106	221,276
FMB capital Holdings plc 10 439 970 (2022: 10 164 367) Ordinary shares of 5t each at MSE value of K315.00 (2022: K110.86) per share	1,126,822	70,834	2,629	2,093,564	3,288,591	1,047,373
MPICO plc 12 390 741 (2022: 12 390 741) Ordinary shares of 5t each at MSE value of K15.00 (2022: K20.64) per share	255,745	-	-	(69,884)	185,861	195,638

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

6b. Equity investments (Continued)

Figures in thousand Malawi Kwacha	2022 Carrying amount	Additions	Disposals	Fair value adjustments	2023 Carrying amount	Cost
Year ended 31 December 2023						
Telekom Networks Malawi plc 33 565 081 (2022: 34 565 081) Ordinary shares of 4t each at MSE value of K18.70 (2022: K14.00) per share	469,911	-	-	157,756	627,667	381 410
Standard Bank Malawi Plc 2 392 190 (2022: 2 779 332) Ordinary shares at MSE value of K3 950.00 (2022: K2 000.16) per share	4,784,763	-	-	4,664,387	9,449,150	24,338
Old Mutual plc Nil (2022: 76 108) ordinary shares at MSE value of K1 500.00 (2022: K985.00) per share	74,966	-	74,966	-	-	-
NBS Bank plc 58 316 945 (2022: 58 316 945) Ordinary shares of 50t each at MSE value of K114.90 (2022: K34.00) per share	1,982,776	-	-	4,717,841	6,700,617	367,694
Airtel Malawi plc 16 500 000 (2022: 16 500 000) Ordinary shares of K1 each of MSE value per share K60.00 (2022: K56.64)	934,560	-	-	55,440	990,000	385,480
ICON Properties plc 66 797 612 (2022: 66 797 612) Ordinary shares of K1 each at MSE value K17.85 (2022: K11.95) per share	798,231	-	-	394,106	1,192,337	584,480
FDH Bank plc 51 714 506 (2022: 50 151 517) Ordinary shares of K1 each at MSE value K70.00 (2022: K15.81) per share	871,132	99,984	-	2,648,899	3,620,015	684,986
Total listed equity investments	22,701,181	170,818	77,595	19,737,738	42,532,142	4,624,258

6b. Equity investments (Continued)**6c UNLISTED EQUITY INVESTMENTS****Continental Holdings Limited**

7 128 640 (2022: 7 128 640)

Ordinary shares of K1 each

at a fair value of K311.14

(2022: K218.20)

	1,555,442	-	-	662,536	2,217,978	1,154,840
Total unlisted equity investments	1,555,442	-	-	662,536	2,217,978	1,154,840
Total equity investments	24256623	170818	77,595	20400274	44750,120	5779098

At the end of the reporting period, the equity investment portfolio comprised:

	Percentage Shareholding		Number of shares	
	2024	2023	2024	2023
ICON Properties plc	1.0	1.0	66,797,612	66,797,612
NBS Bank plc	1.8	2.0	51,316,112	58,316,945
Standard Bank Malawi plc	1.0	1.0	2,392,190	2,392,190
National Bank of Malawi plc	0.8	0.8	3,810,295	3,810,295
Illovo Sugar (Malawi) plc	0.2	0.2	1,700,454	1,700,454
Press Corporation plc	1.5	1.5	1,763,358	1,763,358
NICO Holdings plc	1.2	1.2	12,640,331	12,640,331
MPICO plc	0.8	0.5	18,890,741	12,390,741
Telekom Networks Malawi plc	0.3	0.3	33,565,081	33,565,081
First Capital Bank plc	0.4	0.4	10,647,656	10,439,970
Sunbird Tourism plc	<0.1	<0.1	37,000	37,000
Airtel Malawi plc	0.1	0.2	9,389,104	16,500,000
FDH Bank plc	0.8	0.7	53,251,077	50,714,506
Continental Holdings Limited	4.3	4.3	7,128,640	7,128,640

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

7. Government Securities

	2024 K'000	2023 K'000
Balance as at 1 January	-	-
Purchases during the year	1,570,161	-
Accrued interest	79,981	-
Balance as at 31 December	1,650,142	-

The government security is a three-year treasury note which has a yield of 30% and will mature on 7 November 2027. It's carrying amount is stated at amortised cost.

8. Trade and other receivables

	2024 K'000	2023 K'000
Prepaid expenses	904	695
Receivable on disposal of shares	-	2,629
Dividends receivables	259,775	-
Brokerage fees receivable	16,602	-
Total trade and other receivables	277,281	3,324

The other receivables are interest free and are all due within one year. Dividends receivables relate to dividends declared by NBS Bank plc before the year end and dividends that were yet to be received from FDH Bank plc as at 31 December 2024. The dividends were subsequently received after year end.

9. Cash and cash equivalents

	2024 K'000	2023 K'000
Term deposits		
NBS Bank plc	162,553	276,011
CDH Investment Bank Limited	290,512	65,407
First Discount House Limited	-	30,869
Total term deposits	453,065	372,287

Term deposits are held with commercial banks and discount houses. All deposits are for a period of less than three months and mature within the three months after year-end. The average interest earned was 23.88% (2023: 23.50%)

Bank balances

First Capital Bank Limited	38,751	66,690
National Bank of Malawi Plc	122,493	80,692
Total bank balances	161,244	147,382

Bank balances are held in current accounts and do not earn interest.

Total cash and cash equivalents	614,309	519,669
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10. Capital and reserves

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the company. All shares rank equally with regard to the company's residual assets.

	2024 K'000	2023 K'000
Share capital		
<i>Authorized share capital</i>		
150 000 000 ordinary shares of 2 tambala each	3,000	3,000
<i>Issued and fully paid</i>		
135 000 000 ordinary shares of 2 tambala each	2,700	2,700

Share premium

Share premium of K169.55 million (2023: K169.55 million) relates to the amount in excess of the nominal share price paid for during the initial share offer to the public.

Retained earnings

Included in the reported retained earnings of K73.58 billion (2023: K44.84 billion) are cumulative unrealized gains on the changes in fair value of equity investments held at fair value through profit or loss net of related deferred tax for shares that were acquired during the year totaling K66.06 billion (2023: K39.09 billion) which are not distributable in terms of the Companies Act and profits on investment switches totaling K6.4 billion (2023: K5.07 billion) which are not distributable in terms of the company's investment policy.

11. Trade and other payables

	2024 K'000	2023 K'000
Investment management fees	173,790	86,260
Audit fees	20,574	15,827
Consultancy and professional fees	6,990	6,291
Other payables	3,663	2,610
Unclaimed dividends payable to shareholders	177,941	136,140
Total trade and other payables	382,958	247,128

The Directors consider that the carrying amount of payables approximates to its fair value. These amounts do not attract any interest.

12. Taxation

	2024 K'000	2023 K'000
(a) Payable		
Opening balance	9,313	5,464
Income tax charge	53,375	9,864
Withholding tax paid	(5,362)	(551)
Income tax paid	(17,905)	(5,464)
Closing balance	39,421	9,313
(b) Tax Paid		
Dividend Tax	110,238	98,726
Withholding Tax	5,362	551
Final Income Tax	17,905	5,464
Total Tax Paid	133,505	104,741
(c) Charge		
Income tax	53,375	9,864
Dividend tax	110,238	98,726
Deferred tax (13)	136,215	(127,462)
Total Tax Charge/(Credit)	299,828	(18,872)
	%	%
Reconciliation of effective to standard rates of tax		
Standard tax rate	30.00	30.00
Permanent differences	(29.00)	(30.09)
Effective tax rate	1.00%	(0.09)

Permanent differences are due to unrealized movements on revaluation of equity investments which are not taxable and dividends which are taxed at a lower rate of 10% compared to the standard rate of 30%.

13. Deferred tax

Deferred tax is calculated, in full, on all temporary differences using the enacted tax rate of 30% (2023: 30%). The movement on the deferred tax account is as follows:

	2024 K'000	2023 K'000
At the beginning of the period	8,353	135,815
Deferred tax charge	136,215	(127,462)
At end of the period	144,568	8,353
<u>Analyzed as</u>		
Capital gains on equity investments	144,568	8,353

14. Dividend income

	2024 K'000	2023 K'000
FMB Capital Holdings plc	120,447	72,185
MPICO plc	6,773	2,725
National Bank of Malawi plc	408,007	293,545
NICO Holdings plc	151,684	113,762
Press Corporation Plc	85,083	67,007
Standard Bank Malawi plc	258,931	152,908
Sunbird Tourism plc	303	129
Ned Bank plc	1,924	981
ICON Properties plc	18,703	17,368
NBS Bank plc	342,433	282,837
Illovo Sugar (Malawi) plc	9,862	49,041
Airtel Malawi plc	-	41,250
FDH Bank plc	271,051	145,942
Continental Holdings Limited	193,295	171,212
Total dividend income	1,868,496	1,410,892

Reconciliation of dividend received

	2024 K'000	2023 K'000
Dividend income	1,868,496	1,410,892
Dividend receivable (note 8)	(259,775)	-
Gross dividend received	1,608,721	1,410,892
Dividend tax (note 12)	(110,238)	(98,726)
Net dividend received	1,498,483	1,312,166

15. Interest income

	2024 K'000	2023 K'000
Interest on term deposits	165,895	44,073
Interest on government securities	79,981	-
Total interest income	245,876	44,073

16. Management fees

	2024 K'000	2023 K'000
Investment management fees	300,160	180,246
Value added tax	49,526	29,741
Total management fees	349,686	209,987

16. Management fees (Continued)

Management fees are computed in accordance with the Fund Manager's agreement. The fees are computed at 0.4% of the net assets of National Investment Trust plc and 0.5% of the total dividends paid to its shareholders in each reporting period. The fees to NICO Asset Managers Limited are payable quarterly on account of 80% of the fees based on quarterly management accounts payable within one month of the quarter end, and the balance is payable post year end based on audited accounts upon certification by independent auditors.

17. Communication costs

	2024 K'000	2023 K'000
Press publications	8,815	5,335
Annual General Meeting (AGM) related costs	22,920	12,453
Dividend processing costs	4,231	3,431
Post office box fees	280	280
Total communication costs	36,246	21,499

18. Other expenses

	2024 K'000	2023 K'000
Bank charges	660	567
Custodial fees	-	26
Brokerage	33,613	2,866
Malawi Accountants Board review fees	2,875	4,167
Donations	-	10,000
Investors engagement activities	8,478	4,784
Total other expenses	45,626	22,410

In the prior year, the donation was made to the victims of Cyclone Freddy through the first line relief organizations, Blantyre and Limbe Rotary clubs at MK5 million each.

19. Earnings per share

Basic earnings per share

The calculation of basic earnings per share as at 31 December 2024 is based on the profit attributable to ordinary shareholders of K29.76 billion (2023: K21.50 billion) and the weighted average number of ordinary shares in issue for the year ended 31 December 2024 of 135 000 000 (2023: 135 000 000).

	2024	2023
Profit attributable to ordinary shareholders (K'000)	29,759,484	21,504,553
Weighted average number of ordinary shares in issue ('000)	135,000	135,000
Earnings per share (tambala)	220.44	159.29

19. Earnings per share (Continued)**Diluted earnings per share**

The diluted earnings per share are equal to the basic earnings per share as there are no dilutive potential ordinary shares.

20. Financial risk management

a. Categories of financial instruments	Notes	Fair value through profit and loss	Amortised cost	Total
31 December 2024		K'000	K'000	K'000
Financial assets				
Listed equity investments	6(b)	66,695,445	–	66,695,445
Unlisted equity investments	6(c)	5,085,073	–	5,085,073
Government securities	7	–	1,650,142	1,650,142
Cash and cash equivalents	9	–	614,309	614,309
Total Financial Assets		71,780,518	2,264,451	74,044,969
Financial Liabilities				
Trade and other payables	11		382,958	382,958
Total Financial liabilities			382,958	382,958

		Fair value through profit and loss	Amortised cost	Total
31 December 2023		K'000	K'000	K'000
Financial assets				
Listed equity investments	6(b)	42,532,142	–	42,532,142
Unlisted equity investments	6(c)	2,217,978	–	2,217,978
Government securities	7	–	–	–
Cash and cash equivalents	9	–	519,669	519,669
Total Financial Assets		44,750,120	519,669	45,269,789
Financial Liabilities				
Trade and other payables	11	–	247,128	247,128
Total Financial liabilities			247,128	247,128

20. Financial risk management (Continued)**(b) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity and commodity prices will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The company's market risk is managed on a daily basis by the Fund Manager in accordance with policies and procedures in place. The company's overall market positions are monitored by the Finance and Audit Committee and reported on a quarterly basis to the Board of Directors.

Currency risk

As the company has no significant foreign denominated financial assets, and has no foreign denominated financial liabilities, the company's income and operating cash flows are substantially independent of changes in foreign exchange rates.

Interest rate risk

The Fund Manager is not permitted to borrow funds without the sanction of the Board of Directors who, in turn, may not, unless sanctioned by an ordinary resolution of shareholders, borrow in excess of the aggregate of the company's share capital and reserves. However, since incorporation, the Directors have not exercised their borrowing powers and, accordingly, the company is not exposed to interest risk on borrowings.

At the reporting date, the company has only invested in fixed rate financial instruments. The company does not account for any fixed rate financial instruments at fair value as the debt securities market is fairly illiquid. Therefore, a change in interest rates at the reporting date would not affect profit or loss or equity.

Equity price risk

Equity price risk arises from the company's held for trading equity investments. The company seeks to manage individual equity price risk through diversification of its investments within its Investment Policy guidelines on individual investments and/or broad classes of investments. The Fund Manager and the Investment Committee manage risk on an ongoing basis. Due to the nature of its business, the company is always exposed to overall market price risk.

20. Financial risk management (Continued)**(b) Market risk (Continued)**

	Notes	Interest bearing	Non-interest bearing	Total
31 December 2024		K'000	K'000	K'000
Assets				
Listed equity investments	6(b)	–	66,695,445	66,695,445
Unlisted equity investments	6(c)	–	5,085,073	5,085,073
Government securities	7	1,650,142	–	1,650,142
Trade and other receivables	8		277,281	277,281
Cash and cash equivalents	9	614,309	–	614,309
Total Financial Assets		2,264,451	72,057,799	74,322,250
Financial Liabilities				
Trade and other payables	11		382,958	382,958
Total Financial liabilities			382,958	382,958

	Notes	Interest bearing	Non-interest bearing	Total
31 December 2023		K'000	K'000	K'000
Assets				
Listed equity investments	6(b)	–	42,532,142	42,532,142
Unlisted equity investments	6(c)	–	2,217,978	2,217,978
Government securities	7	–	–	–
Trade and other receivables	8		3,324	3,324
Cash and cash equivalents	9	519,669	–	519,669
Total Financial Assets		519,669	44,753,444	45,273,113
Financial Liabilities				
Trade and other payables	11		247,128	247,128
Total Financial liabilities			247,128	247,128

(c) Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's interest, income notes receivable and cash and cash equivalents. Money market investments are limited to deposits with licensed financial institutions.

20. Financial risk management (Continued)**(d) Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another asset. The company's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient liquidity to meet liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company maintains sufficient funds in liquid money market investments to meet foreseeable operating expenses.

	Up to 1 month	1 month to 12 months	More than 12 months	Total
31 December 2024		K'000	K'000	K'000
Financial Assets				
Listed equity investments	–	–	66,695,445	66,695,445
Unlisted equity investments	–	–	5,085,073	5,085,073
Government securities	–	–	1,650,142	1,650,142
Bank balances	161,244	–	–	161,244
Term deposits	254,990	198,075	–	453,065
Trade and other receivables	277,281	–	–	277,281
Total Financial Assets	693,515	198,075	73,430,660	74,322,250
Financial Liabilities				
Trade and other payables	(382,958)	–	–	(382,958)
Contractual liquidity mismatch	310,557	198,075	73,430,660	73,939,292
Cumulative mismatch	310,557	508,632	73,939,292	–

	Up to 1 month	1 month to 12 months	More than 12 months	Total
31 December 2023		K'000	K'000	K'000
Financial Assets				
Listed equity investments	–	–	42,532,142	42,532,142
Unlisted equity investments	–	–	2,217,978	2,217,978
Government securities	–	–	–	–
Bank balances	147,382	–	–	147,382
Term deposits	91,475	280,812	–	372,287
Trade and other receivables	3,324	–	–	3,324
Total Financial Assets	242,181	280,812	44,750,120	45,273,113
Financial Liabilities				
Trade and other payables	(247,128)	–	–	(247,128)
Contractual liquidity mismatch	(4,947)	280,812	44,750,120	45,025,985
Cumulative mismatch	(4,947)	275,865	45,025,985	–

20. Financial risk management (Continued)**(d) Liquidity risk (Continued)**

The company's Investment Policy sets maximum permitted limits for investments.

Compliance position as at period-end		Permitted Limit	2024	2023
1.	Equities			
	% of portfolio invested in equities	100%	90%	94%
	% of portfolio in individual listed company	40%	21%	22%
	% of portfolio in individual unlisted company	10%	7%	5%
2.	Bonds			
	% of portfolio invested in bonds	25%	2%	Nil
	% of portfolio in bonds of single private sector issues	10%	Nil	Nil
3.	Property			
	% of portfolio invested in property companies/equities	25%	2%	3%
	% of portfolio in a single property investment	10%	1.63%	3%
4.	Cash equivalents	100%	1.1%	1.1%
5.	Speculative investments	Nil	Nil	Nil

Sensitivity analysis**Equity price risk**

The carrying value at 31 December 2024 of shares listed on the Malawi Stock Exchange (MSE) represents 90% (2023: 94%) of the company's total asset value. Although not directly correlated, it could be expected that the overall value of this portfolio would move broadly in line with movements in the MSE all Share Index. The all share index at 31 December 2024 was 172,039 (2023: 110,951). An overall increase of 0.5% in share prices would have resulted in a capital gain of K333.5 million (2023: K212.7 million) recognised in profit or loss. An overall decrease of 0.5% in share prices would have resulted in a capital loss of identical magnitude.

Interest rate risk

A 5% increase in interest rates at the reporting date would increase the company's total asset value by K10.5 million (2023: K1.9 million). A 5% decrease would reduce the total asset value by a similar amount. The total assets do not appear to be very sensitive to changes in interest rates because a significant number of the company's financial instruments have fixed interest rates to the date of maturity.

Capital management

The Board's policy is to maintain a strong capital base to maintain investor and market confidence. Capital consists of share capital, share premium and retained earnings. The Board also monitors the level of dividends to shareholders.

The Board's policy is to maintain its capital base in real terms by not distributing unrealized fair value gains on revaluation of investments or realised profit on sale of equity investments.

20. Financial risk management (Continued)

Overview

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has developed risk management policies principal among which is the Investment Policy outlined on page 1 of the Annual Report. The Investment Committee and the Fund Manager are expected to adhere at all times to the Investment Policy. The Investment Committee reports regularly to the Board of Directors on its activities.

The company's Finance and Audit Committee oversees how management monitors compliance with the company risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Finance and Audit Committee is assisted in its oversight role by the Fund Managers' internal audit department which undertakes reviews of risk management controls and procedures, the results of which are reported to the Finance and Audit Committee.

21. Related parties

Fund Manager

The company entered into a management agreement with NICO Asset Managers, a licensed investment/portfolio manager. Management fees for the year amounted to K349.7 million (2023: K210.0 million). The balance payable on management fees as at 31 December 2024 was K173.8 million (2023: K86.3 million)

As required by the Malawi Stock Exchange listing rules, NICO Asset Managers Limited, as the fund manager, is required to hold a minimum of 5% of the issued share capital of the company. NICO Asset Managers Limited does not hold any shares in NITL. The company was granted an exemption by the Malawi Stock Exchange to allow NICO Asset Managers Limited to act as fund manager.

At 31 December 2024, various pension funds and entities whose assets are managed by NICO Asset Managers Limited held 26,384,353 (2023: 25,910,060) shares in the company representing a shareholding of 19.54% (2023: 19.19%).

Directors' fees

Total directors' fees are disclosed in the statement of comprehensive income.

Directors' interest

As at 31 December 2024, the total direct and indirect interests of the directors and related parties thereto in the issued share capital of the company were as follows:

	2024	2023
G Msisha	100,000	100,000
L Machinjili	79,500	60,000
T Nsamala	-	-
M Kadumbo	-	-
E Gondwe	-	-
P Nkata	-	-
D Manyenje	-	-

21. Related parties (Continued)

Directors' interest (Continued)

Director G. Msisha (chairperson of the Finance and Audit Committee) directly held 100,000 shares.

Director Lissa Machinjili (member of the Finance and Audit Committee) held shares indirectly through a private business, Golden Investments & company (60,000 shares) and SMGSS (19,500 shares).

22. Critical accounting estimates and judgments

22.1 Fair values of financial instruments

Many of the company's financial instruments are measured at fair value in the statement of financial position and it is usually possible to determine their fair values within a reasonable range of estimates.

For the majority of the company's financial instruments, quoted market price are readily available.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision.

For certain financial instruments, including other receivables and other payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The carrying amounts of all the company's financial assets and financial liabilities at the reporting date approximated their fair values.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation. The different levels have been defined as follows: –

- Level 1: quoted prices (unadjusted) in active markets for identical instruments;
- Level 2: input other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liabilities that are not based on observable data.

31 December 2024

Listed equity investments
Unlisted equity investments

	Level 1 K'000	Level K'000	2 Level 3 K'000	Total K'000
Listed equity investments	66,695,445	–	–	66,695,445
Unlisted equity investments	–	–	5,085,073	5,085,073
	66,695,445	–	5,085,073	71,780,518

22. Critical accounting estimates and judgments (Continued)**22.1 Fair values of financial instruments (Continued)**

	Level 1 K'000	Level K'000	2 Level 3 K'000	Total K'000
31 December 2023				
Listed equity investments	42,532,142	–	–	42,532,142
Unlisted equity investments	–	–	2,217,978	2,217,978
	<u>42,532,142</u>	<u>–</u>	<u>2,217,978</u>	<u>44,750,120</u>

Listed equity investments were valued using stock market prices as at the end of the reporting period.

The fair value of the unlisted equity in Continental Holdings Limited (CHL) was determined using the market approach method which is applicable to firms in the financial services industry. The method involves identifying companies in similar industries to the subject company in the open market and determining the appropriate multiples, the value of the company is derived by benchmarking against valuation multiples from similar companies. The valuation was done by Bridgepath Capital Limited and is not a related party. Bridgepath Capital Limited is a licensed portfolio or investment manager under the Financial Services Act 2010 with license number PM 001/02 and is regulated by the Registrar of Financial Institutions, Reserve Bank of Malawi.

22.2 Impairment of financial assets

The company follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgment. In making this judgment, the company evaluates, among other factors, the duration and extent to which the fair value of an income note is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

22.3 Income taxes

The company is subject to income taxes. Significant judgment is required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. If the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

23. Details of shareholders

The number of shareholders in the company was 1,703 as at 31 December 2024 (31 December 2023: 1,535).

Analysis by number of shares held:

Number of shares held	Number of Shareholders		Total holding	
	2024	2023	2024	2023
1 – 5 000	753	625	1 608 330	1 396 469
5 001 – 10 000	289	269	2 538 021	2 404 892
10 001 – 25 000	247	236	4 576 472	4 136 091
25 001 – 50 000	155	150	5 943 324	5 280 890
50 001 – 100 000	128	118	10 791 685	10 717 323
100 001 – 200 000	45	43	6 521 628	6 214 349
200 001 – 500 000	48	46	14 567 136	13 759 491
500 001 – 1 000 000	14	13	11 024 839	11 136 012
1 000 000 – 99 999 999	24	26	77 428 565	80 168 116
Total	1 703	1 535	135 000 000	135 000 000

Analysis by shareholder type (2024):

	Number of holders	Number of shares held	% of total shares
Insurance/assurance	7	13 257 397	9.82%
Non-resident companies/individuals	15	89 555	0.07%
Banks/nominees	214	20 442 647	15.14%
Investment/trusts	21	4 243 798	3.14%
Pension/provident funds	34	47 733 616	35.36%
Other resident entities	56	11 852 390	8.78%
Resident individual	1 356	37 380 597	27.69%
Total	1 703	13 500 000	100%

Analysis by shareholder type (2023):

	Number of holders	Number of shares held	% of total shares
Insurance/assurance	5	12 723 500	10.10%
Non-resident companies/individuals	7	89 540	0.08%
Banks/nominees	119	18 700 443	13.82%
Investment/trusts	21	4 040 032	3.16%
Pension/provident funds	33	47 219 327	31.51%
Other resident entities	56	12 067 579	11.15%
Resident individual	1 294	40 159 579	30.20%
Total	1 535	13 500 000	100%

23. Details of shareholders (Continued)

The largest shareholders in the company were:

	Number of shares 2024	% of total number of shares 2024	Number of shares 2023	% of total number of shares 2023
NICO Life Insurance Company Limited	16 309 069	12.08	8 549 089	6.33
Old Mutual Life Assurance Company	12 579 807	9.32	13 230 000	9.80
National Bank of Malawi Pension Fund	12 303 319	9.11	10 471 400	7.76
NBM PAL Unrestricted Pension Fund	8 451 502	6.26	9 739 933	7.21
Public Service Pension Trust Fund	7 949 017	5.89	9 132 709	6.76
Vanguard Life Assurance Service Limited	5 922 217	4.39	4 000 000	2.96
Madzi Pension Fund	5 788 614	4.29	5 520 000	4.09
NBM Equity Fund	3 174 500	2.35	6 423 759	4.76
Remaining shares	62 521 955	46.31	67 933 110	50.32
Total	135 000 000	100.00	135 000 000	100.00

24. Subsequent events

There have been no material events occurring after the statement of financial statement position date that require adjustment to or disclosure in the financial statements.

25. Exchange rates and inflation

The average of the period-end buying and selling rates of the foreign currencies most affecting the performance of the company are stated below, together with the increase in the National Consumer Price Index, which represents an official measure of inflation.

	2024	2023
Malawi Kwacha/ South African Rand	95.03	93.54
Malawi Kwacha/US Dollar	1 734.01	1 683.37
Inflation rate %	28.1	34.5

As at the time of approval of these financial statements, the above rates had moved as follows:

Malawi Kwacha/South African Rand	98.89
Malawi Kwacha/US Dollar	1,751
Inflation rate % (February 2025)	30.7

