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THE NATIONAL INVESTMENT TRUST PLC

(Incorporated in Malawi on 20th September 2001 under registration number 6024)

SUMMARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

Summary statement of comprehensive income

	Audited 12 Months Ended 31 Dec 2018	Audited 12 Months Ended 31 Dec 2017
	MK'000	MK'000
Income		Restated
Dividend income	269,468	288,878
Interest income	<u>20,992</u>	<u>37,848</u>
Total Income	<u>290,460</u>	<u>326,726</u>
Total expenses	<u>(162,533)</u>	<u>(119,033)</u>
Profit before fair value gains	127,927	207,693
Fair Value gains on equity investments	<u>1,204,856</u>	<u>2,282,568</u>
Profit before tax	1,332,783	2,490,261
Income tax credit/(charge)	<u>89,330</u>	<u>(163,911)</u>
Profit for the year	<u>1,422,113</u>	<u>2,326,350</u>
<i>There were no items of other comprehensive income during the year.</i>		
Number of shares in issue	135,000	135,000
Basic and diluted earnings per share (Tambala)	1,053	1,723

Summary statement of cash flows

	Audited 12 Months Ended 31 Dec 2018 MK'000	Audited 12 Months Ended 31 Dec 2017 MK'000
Operating activities		
Dividends received	265,957	284,977
Interest received	<u>22,436</u>	<u>37,725</u>
	288,393	322,702
Operating expenditure	<u>(140,438)</u>	<u>(97,177)</u>
	147,955	225,525
Taxes paid	<u>(26,197)</u>	<u>(34,322)</u>
Cash flows from operating activities	<u>121,758</u>	<u>191,203</u>
Cash flows from investing activities		
Purchase of shares	(2,449,859)	(261,881)
Disposal of Shares	<u>2,383,418</u>	<u>219,682</u>
Cash flows used in investing activities	<u>(66,441)</u>	<u>(42,199)</u>
Cash flows from financing activities		
Dividends paid	<u>(175,500)</u>	<u>(162,000)</u>
Cash flows used in financing activities	<u>(175,500)</u>	<u>(162,000)</u>
Net decrease in cash and cash equivalents	(120,183)	(12,996)
Cash and cash equivalents at beginning of the period	<u>244,230</u>	<u>257,226</u>
Cash and cash equivalents at end of the period	<u>124,047</u>	<u>244,230</u>

Summary statement of financial position

	Audited as at 31 Dec 2018 MK'000	Audited as at 31 Dec 2017 MK'000	Audited as at 1 Jan 2017 MK'000
Assets		Restated	
Equity investments	9,873,138	8,601,841	6,277,074
Deferred tax asset	33,808	-	48,462
Other assets	9,130	7,063	3,039
Cash and cash equivalents	<u>124,047</u>	<u>244,230</u>	<u>257,226</u>
Total assets	<u>10,040,123</u>	<u>8,853,134</u>	<u>6,585,801</u>
Equity and liabilities			
Equity			
Share capital	2,700	2,700	2,700
Share premium	169,550	169,550	169,550
Retained earnings	<u>9,765,622</u>	<u>8,519,009</u>	<u>6,354,659</u>
Total equity	<u>9,937,872</u>	<u>8,691,259</u>	<u>6,526,909</u>
Liabilities			
Deferred tax liability	-	80,630	-
Income tax liability	1,624	2,713	2,216
Other liabilities	<u>100,627</u>	<u>78,532</u>	<u>56,676</u>
Total liabilities	<u>102,251</u>	<u>161,875</u>	<u>58,892</u>
Total equity and liabilities	<u>10,040,123</u>	<u>8,853,134</u>	<u>6,585,801</u>

Summary statement of changes in equity

	Share Capital MK'000	Share Premium MK'000	Retained Earnings MK'000	Total MK'000
Balance as at 1 January 2017	2,700	169,550	6,354,659	6,526,909
Dividends paid	-	-	(162,000)	(162,000)
Total comprehensive profit (restated)	-	-	<u>2,326,350</u>	<u>2,326,350</u>
31 December 2017	<u>2,700</u>	<u>169,550</u>	<u>8,519,009</u>	<u>8,691,259</u>
Balance as at 1 January 2018	2,700	169,550	8,519,009	8,691,259
Dividends paid	-	-	(175,500)	(175,500)
Total comprehensive profit	-	-	<u>1,422,113</u>	<u>1,422,113</u>
31 December 2018	<u>2,700</u>	<u>169,550</u>	<u>9,765,622</u>	<u>9,937,872</u>

Overview of results

During the period, the Company's equity portfolio grew by 14.8% (2017: 37.1%) while the Malawi Domestic Share Index grew by 31.0% (2017: 55.6%). Dividend income decreased by 6.7% (2017: 26.0% increase) to K269 million from K289 million in prior period. The Company had revaluation gains on its equity investments amounting to K1.2 billion compared to K2.3 billion in the previous period. Overall the Company made a lower profit after tax of K1.4 billion (2017: K2.3 billion) largely due to share price losses on most investee companies. Overall, the performance of the Company was affected by the performance of the Malawi All Share Index which reduced from 62.14% in 2017 to 34.19%.

Dividends

An interim dividend of 50 tambala per share (2017: 50 tambala per share) was paid in October 2018. The Directors have recommended a final dividend of 50 tambala per share (2017: 80 tambala per share) payable on 14 June 2019 to shareholders appearing in the register at the close of business on 7 June 2019. The register of members will be closed from 7 June 2019 to 14 June 2019.

Basis of preparation

The Directors have prepared the summary financial statements to meet the Malawi Stock Exchange listing requirements. The Directors have considered the Malawi Stock Exchange listing requirements and believe that the summary statements of financial position, comprehensive income, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary financial statements. The amounts in the summary financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards. The Summary financial statements have been derived from the Annual Financial Statements which were approved by the Board of Directors on 25 March 2019 and can be accessed at the registered office of the Company's fund managers, NICO Asset Managers Limited.

Restatement of current year comparatives

In 2017, the fair value of the Company's investment in Kang'ombe Investment Limited (KIL) was based on a projected net asset value of KIL. This was less than the final audited net asset value as at 31 December 2017 by K150 million. In the current year, the investment in KIL was transferred to ICON Properties plc based on the final audited net asset value of KIL as at 31 December 2017. This confirmed what should have been the correct fair value of the investment in KIL as at 31 December 2017.

Had the investment been valued based on the actual net asset value as at 31 December 2017, prior year's equity investments would have been higher by K150 million, consequently, deferred tax liability and profit for the year would have been higher by K45 million and K105 million, respectively. These numbers were considered immaterial at the time of finalisation and approval of the 2017 financial statements to warrant any adjustments. However, following the developments involving the transfer of the KIL investment into ICON Properties plc as noted above, the overall amount involved is now considered material and, after reconsideration, the current year comparatives have been restated to reflect the fair value gain on the investment in KIL in the prior year profit in line with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

By order of the Board.



E. Gondwe
Chairperson



G. Msisha
Director

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the members of National Investment Trust plc

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2018, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended are derived from the audited financial statements of National Investment Trust plc for the year ended 31 December 2018.

In our opinion, the accompanying summary financial statements are consistent in all material respects, with the audited financial statements, on the basis described in the *basis of preparation* paragraph.

Summary Financial Statements

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

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 29 March, 2019. That report also includes the communication on 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 period. Our report also includes an Emphasis of Matter paragraph on the restatement of current year comparatives.

Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements in accordance with the basis described in the *basis of preparation* paragraph.

Auditor's Responsibility

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

Deloitte.

Chartered Accountants

Christopher Kapenda
Partner

29 March 2019