

NOTICE OF THE 51ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 51st Annual General Meeting (AGM) of the shareholders of MPICO plc will be held physically at Amaryllis Hotel, Blantyre on Friday 28th June 2024 at 11.00 am

Notes

- The AGM Pack and proxy form will be sent via email, post and also be available on the MPICO website (www.mpicomw.com) from 6th June 2024 onwards.
- Shareholders can raise their questions during a two-week period by email, WhatsApp or post, starting from 10th June to 24th June 2024.
- The Company will collate all questions and publish these on its website. Questions and answers will be read out and commented upon to give context by the Chairperson during the meeting.
- Shareholders will be required to send the proxy forms by 26th June 2024.
- To facilitate this process, all shareholders are requested to send their email addresses and mobile phone numbers to: mpicoshareholders@natbankmw.com or WhatsApp Number +265 885 932 787 by 6th June 2024.

ORDINARY BUSINESS

- To approve the minutes of the 50th Annual General Meeting held on 30th June 2023.
- FINANCIAL STATEMENTS**
To receive and consider the Directors and Auditors' report and Financial Statements of the Company for the year ended 31st December 2023.
- DIVIDEND**
To declare a final dividend of K873.3 million in respect of 2023 profits, representing 38 tambala per share. There was no interim dividend in 2023. The final and interim dividends in respect of 2022 profits were K503 million and K321.7 million, respectively making a total dividend of K824.7 million for 2022 representing 36 tambala per share.

The dividend will be payable on Friday, 26th July 2024 to those shareholders appearing in the register of members by close of business on Friday 12th July 2024. MPICO plc shares will trade ex-dividend from Wednesday, 10th July 2024.
- RE-APPOINTMENT OF AUDITORS**
To re-appoint Deloitte - Certified Accountants as Auditors for the ensuing year and authorize the Directors to determine the Auditors' remuneration for the period.
- RETIREMENT OF DIRECTORS**
- To note the retirement of Director Christopher Kapanga as Director of the Company who has served the MPICO plc Board since 2011.
- RE-ELECTION OF DIRECTORS**
- To re-elect Dr. Peter Matipwiri as a director of the company who retires by rotation and being eligible, offers himself for re-election. The Board recommends his re-election.**

Dr. Matipwiri holds a PhD by research in Sustainable Infrastructure Management from University of Bolton, England, Master of Business Administration and Bachelor of Science in Civil Engineering from the University of Malawi. He successfully founded PBM Group of Companies comprising PBM Construction, PBM Drilling Company, PBM Consultants.
- To re-elect Mr. Edmund Hami as a director of the company who retires by rotation and being eligible, offers himself for re-election. The Board recommends his re-election.**
Mr. Hami is a Certified Chartered Accountant (ACCA - UK), a holder of Masters Business Administration (MBA) degree from East and Southern Africa Management Institute. He is a Board member of MPICO plc and MPICO Malls Limited and Chairman of the Audit, Risk and Compliance Committee (ARCC) for MPICO Group. Previously, he served in several senior finance management positions in Unilever PLC, Central Africa, East Africa, West Africa and Middle East Regions for over 28 years of which 14 years in international finance service. He briefly worked for Carlsberg (Malawi) and Kentam products as Chief Finance Officer and Finance & Operations Manager respectively.
- APPOINTMENT OF DIRECTORS**
- To confirm the appointment of Mr. Charles Kamoto (49 years old) as Director to fill a vacant position.**
Mr. Charles Kamoto holds a Bachelor of Business Administration (BBA) and a Master of Business Administration (MBA). He has 23 years' experience in the Mobile Phone Industry. He is currently the Managing Director for Airtel Malawi plc a role he has held for the last 8 years. Prior to that he was Chief Commercial Officer of Airtel Malawi plc for 2 years after having been Chief Commercial Officer for TNM for 4 years. He has leadership and management experience particularly in commercial and operations of telecoms and mobile money/ fintech space. As a Managing Director he has led diverse and multi-disciplinary experts in Commercial, Technology, IT, Finance, and Operations.
- NON-EXECUTIVE DIRECTORS' FEES AND SITTING ALLOWANCES**
To approve the increase in Directors' fees and sitting allowances of the Chairperson and Non-Executive Directors with effect from 1st January 2024 as follows:
 - Directors' fees**
Chairperson - MK9,872,792 per annum payable in arrears (MK7,835,549 - 2023)
Non-Executive Directors - MK8,391,684 per annum payable in arrears (MK7,698,793 - 2023).
 - Sitting Allowances**
Chairperson - MK292,163 per sitting (MK231,875 - 2023)
Non-Executive Directors - MK223,903 per sitting (MK177,701 - 2023).
- SPECIAL BUSINESS**
To consider and if deemed fit to pass the following special resolutions:

- That** the Articles of Association of the company be amended to align with the amendments under Section 7: Continuing Obligations of the Malawi Stock Exchange Listing Requirements." As follows:
- That** a new clause 5.6 be inserted as follows-
Conversion
The Company may by special resolution:
 - Allow for the conversion of securities into stock; and
 - Allow for the conversion of securities into no par value.
- That** a new clause 7.5 be inserted as follows:
The company shall not under any circumstances issue a share certificate to a shareholder without ensuring that the record of shares has been deleted from the Central Securities Depository (CSD).
- That** clause 16.2 be amended as follows:
The fraction of shares will not be issued to the shareholder and will be paid out in cash for the benefit of that shareholder.
- That** clauses 16.3 to 16.5 be deleted:
Directors may -
16.3 Where any holder's entitlement to a portion of the proceeds of sale amounts to less than a minimum figure determined by the Directors, that member's portion may be distributed to an organisation which is a charity for the purposes of any written laws.
16.4 A person to whom the shares are transferred shall not be obliged to ensure that any purchased money is received by the person entitled to the relevant fractions.
16.5 The transferee's title to the shares shall not be affected by any irregularity in or invalidity of the process leading to their sale.
- That** clause 18.5 be amended as follows:
When a meeting is adjourned for ~~thirty days~~ more than 14 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting at least 7 clear days', excluding the day of the adjourned meeting and the day on which the notice is given. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjournment meeting. When a meeting is adjourned for less than 14 days, then notice of the adjourned meeting shall be given by advertisement.
- That** a new clause 18.4.1 be inserted as follows:
Where a notice of a special resolution is required, the resolution shall not be effective unless notice of the intention to move it has been given to the company at least 28 days before the meeting at which it is moved. Where 28 days' notice is not practicable, the company shall give its members at least 14 days' notice.
- That** clause 18.11 be amended as follows:
At least fourteen (14) days' notice ~~twenty-one (21)~~ shall be given of any general meeting of the Company.
- That** clause 38.13.3 be amended as follows:
Dividends which remain unclaimed for a period of 6 years shall be credited to the consolidated fund in line with provisions of Part VI of the Public Finance Management Act sections 44-51.

The amended Articles of Association are published on the Company's website www.mpicomw.com and can also be obtained from the Company Secretary.
- OTHER BUSINESS**
To transact such other business as may be transacted at an Annual General Meeting of members and which the Secretary will have been duly notified not less than 21 days before the date of the meeting.

**Dated 3rd June 2024
BY ORDER OF THE BOARD**

**CHIFUNDO KALAILE
COMPANY SECRETARY**

Registered Office:
MPICO plc
Old Mutual House, P.O. Box 30459, Lilongwe 3

A member entitled to attend and vote at the meeting is entitled to appoint a proxy (or more than one proxy) to attend and vote in his / her stead. A proxy need not to be a member of the company.

The instrument appointing a proxy and the power of attorney or the other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company Secretary's Office not less than forty-eight hours before the time for holding the meeting and in default the instrument of proxy shall not be treated as valid.



MINUTES OF THE 50TH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON FRIDAY 30TH JUNE 2023 AT CAPITAL HOTEL, LILONGWE.

SHAREHOLDERS PRESENT

J Maere
 R Butao
 Chikato
 C Kasakula
 C Mnyenyembe

PROXIES

Mark Mikwamba – Standard Bank ITF OMUT Balanced Fund, OMLAC, OMMALA, Magetsi Pension Fund, TNM Pension Fund, RBM Pension Fund, MPC Pension Fund, Madzi Pension Fund, Aviation Pension Fund, FCB Pension Fund, CHAM Pension Fund.

IN ATTENDANCE

DIRECTORS

Mrs. E. Jiya	Chairperson
Mr. C. Kapanga	Director
Mr. M. Mikwamba	Director
Mr. F. Mangani	Director
Mr. P. Matipwiri	Director
Mr. E. Hami	Director
Mrs. M. Mkandawire	Director
Mr. B. Ndau	Director
Mrs. V. Zulu	Director

EXECUTIVE MANAGEMENT

Ms. C. Kalaile	Company Secretary
Mr. E. Jambo	Operations Manager
Mr. R. Butao	Senior Accountant
Mr. L. Mwabutwa	Facilities Manager
Mrs. G. Mkandawire	Commercial Manager

EXTERNAL AUDITORS

Mr. V. Beza Deloitte, Audit Partner
Mr. T. Kulujili Deloitte, Audit Manager

1. QUORUM AND NOTICE

- a. The Chairperson called the meeting to order at 10:00am. The Company Secretary confirmed that a quorum had been formed and that the meeting was duly constituted.
- b. The Chairperson proposed that the notice of the meeting having been previously circulated be taken as read.
- c. The Chairperson proceeded to declare the meeting duly constituted and welcomed all present.

2. CONFIRMATION OF THE MINUTES OF 49TH ANNUAL GENERAL MEETING

- a. The minutes of the 49th Annual General Meeting held on Tuesday, 21st June 2022 were tabled before the meeting for adoption and confirmation. The Chairperson took the members through the minutes.
- b. After confirmation from the Company Secretary that there were no corrections to the minutes received, the members voted for the resolution to adopt the minutes.
- c. **Resolved:** THAT the said minutes be hereby adopted and confirmed as a correct record of the proceedings.

3. APPROVAL OF FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31ST DECEMBER 2022

- a. The audited financial statements for the year ended 31st December 2022 were tabled before the shareholders.
- b. The external auditors informed the members that the 2022 financial statements were a fair reflection of the financial performance for the year ended 2022.
- c. The motion to receive, consider and adopt the Annual Report and Financial Statements for the year ended 31 December 2022 together with the Reports of the Auditors thereon was adopted by the members.
- d. **Resolved:** That the audited financial statements for the year ended 31st December 2022 together with the reports of the Auditors and Directors thereon be approved and adopted.

4. DIVIDEND PROPOSAL

- a. A proposal was made for a final dividend of K505.6 million from the profits of 2022.
- b. The members voted for the resolution to declare the dividend.
- c. **Resolved:** That a final dividend of MK505.6million be declared from the profits of 2022.

5. RE-APPOINTMENT OF EXTERNAL AUDITORS

- a. A proposal was made to re-appoint Deloitte Certified Public Accountants as the Auditors of the Company for the ensuing year and authorise Management to fix their remuneration.
- b. Some of the members and the Board deliberated on the integrity of Deloitte as external auditors. Two members abstained from voting.
- c. The majority of the members **resolved**: That Deloitte, Certified Public Accountants, be re-appointed as Auditors of the Company for the ensuing financial year and that Management be authorised to fix their remuneration.

6. DIRECTOR'S RESIGNATION, RE-ELECTION AND APPOINTMENT

Resignation of Directors

- a. The members noted the resignation of the following Directors:
 - i. Mr. Mark Mikwamba.
 - ii. Mr. Damien Kafoteka.
 - iii. Mrs. Veronica Masikini; and
 - iv. Mr. Jim Nsomba.

Re-election of Directors

- b. A proposal was made to re-elect Mrs. Edith Jiya as Director of the Company. **Resolved**: That the re-election of Mrs. Edith Jiya be approved.
- c. A Proposal was made to re-elect Mr. Felix Mangani as Director of the Company. **Resolved**: That the re-election of Mr. Felix Mangani be approved.

Appointment of Directors

- d. A proposal was made to confirm the appointment of Mr. Edmund Hami as Director of the Company. **Resolved**: That the appointment of Mr. Edmund Hami be approved.
- e. A proposal was made to confirm the appointment of Mr. Benard Ndau as Director of the Company. **Resolved**: That the appointment of Mr. Benard Ndau be approved.
- f. A proposal was made to confirm the appointment of Mrs. Vera Zulu as Director of the Company. **Resolved**: That the appointment of Mrs. Vera Zulu be approved.
- g. A proposal was made to confirm the appointment of Mrs. Martha Mkandawire as Director of the Company. **Resolved**: That the appointment of Mrs. Martha Mkandawire be approved.

7. DIRECTOR'S REMUNERATION

- a. A proposal was made that the remuneration of the Chairperson and other non-Executive Directors be approved with effect from 1st January 2023.
- b. **Resolved**: That the remuneration of the Chairperson and Non-Executive Directors be fixed with effect from 1st January 2023 as follows:

Directors' fees

Chairperson – MK7,835,549 per annum payable in arrears (MK6,121,523 – 2022)
Non-Executive Directors – MK7,698,793 per annum payable in arrears (MK6,014,682 – 2022).

Sitting Allowances

Chairperson -MK231,875 per sitting (MK181,152 – 2022)
Non-Executive Directors – MK177,701 per sitting (MK138,829 – 2022).

8. SPECIAL BUSINESS

- a. A proposal was made to consider and if deemed fit to pass the following special resolution:

“That new Articles of Association of the company be adopted in compliance with section 35 of the Companies Act, 2013.”

- b. A summary of the changes was provided to the members in the Notice of the meeting.
- c. **Resolved:** that new Articles of Association of the company be adopted in compliance with section 35 of the Companies Act, 2013.”

9. OTHER BUSINESS

There was no further business of which due notice was given. The meeting was declared closed at 11:47 am

.....
Edith Jiya
CHAIRPERSON

.....
DATE



A MEMBER OF THE  OLDMUTUAL GROUP

ANNUAL REPORT 2023



27

PROPERTIES

Commercial, residential,
retail and industrial properties
with a total of 67,800 square
meters of lettable space.



A MEMBER OF THE  OLDMUTUAL GROUP



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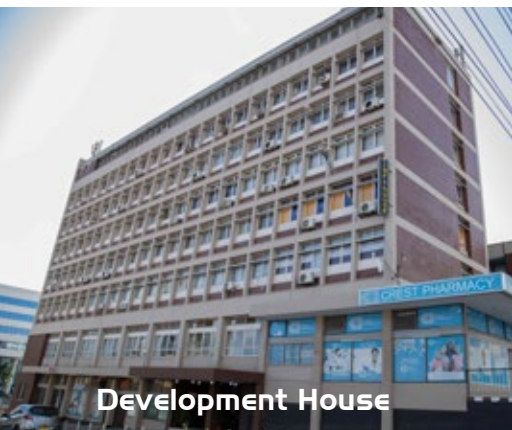
The Gateway



MPICO House




Zowe House



Development House



Gemini House



PROPERTY DEVELOPMENT



PROJECT MANAGEMENT



PROPERTY VALUATION



PROPERTY MANAGEMENT



PROPERTY OWNERSHIP



PROPERTY LEASING



FACILITIES MANAGEMENT



Property Development

Meeting your property development needs for a sustainable built environment.



Property Management

Discover peace of mind with our dedicated team managing your landed properties.



Property Valuation

Unlock the true worth of your property with our trusted valuation experts.

Vision

To be a leading provider of property solutions in Malawi, creating shareholder and customer value whilst being an employer of first choice

Chairperson's Statement



Economic Overview

The macroeconomic environment was challenging in 2023, with currency shortages leading to a 44% currency devaluation in November 2023. In addition, weather related shocks negatively impacted the agricultural season which together with currency weakness pushed inflation to an annual average of 28.8% while limiting real Gross Domestic Product (GDP) growth for 2023 to only 1.5%.

The equity market performed strongly with a price return of 78.9% which was well above average inflation for the year and prior year's 36.7% price return. Interest Bearing Assets returns lagged inflation while the property market was adversely affected by the challenging macro-economic conditions resulting into muted rental adjustments and low capital appreciation of properties.

Group Performance

The MPICO plc Board is pleased to announce the results of the Group for the year ended 31 December 2023.

Core operations registered strong growth, with profit before tax increasing by 21% to MK10.93 billion in 2023 from MK9.0 billion in 2022 due to improved income at MK17.35 billion (2022: MK14.56 billion). However, profit after tax decreased by 13% to MK7.07 billion in 2023 from MK8.14 billion in 2022 on account of a once-off deferred tax adjustment of MK2.6 billion following de-recognition of prior year deferred tax asset relating to investment properties. The Board determined that based on current taxable profits projections, deferred tax asset relating to investment properties may not be fully utilised during the allowable period.

Rental income marginally increased by 1% to MK6.9 billion in 2023 from MK6.8 billion in 2022. Although the business achieved the planned rent reviews during the year, rental income growth year on year was limited by voids due to economic challenges. Total operating expenditure for the year increased by 15% to MK6.41 billion in 2023 from MK5.55 billion in 2022 as efforts to manage expenses continued.

Government rental arrears decreased to MK3.5 billion as at 31 December 2023 from MK6.0 billion in the same period in 2022 due to payments made by Government during the year. Further payment was received post year end leaving rental arrears at MK2.1 billion as at 29 February 2024.

Property Market in Malawi

The Malawi economy remained under pressure in 2023 which was reflected in the property market. The weak macros negatively impacted the property market and as a result, there were only a few transactions on the property investment market and rental adjustments lagged inflation. In addition, vacancy rates were generally higher compared to prior year.

Retail yields were higher in Lilongwe estimated at 11% compared to the Blantyre estimate of 9.5%. In terms of office yields, Blantyre was estimated at 9% while Lilongwe was estimated at 11%. Lilongwe realised higher rent per square metre at approximately K11,500.00 compared to Blantyre and Mzuzu which had an estimate of K9,000.00 and K7,000.00 per square metre respectively. Retail occupancy was estimated to be higher in Blantyre at 80% compared to Lilongwe at 70%. However on office occupancy, Lilongwe was higher at approximately 90% compared to Blantyre at 80%.

Group Property Portfolio Performance

The Group property portfolio remained resilient. The occupancy rate for the Group continued to hold at 91.24% in 2023. The strong performance of the Group was due to the prime location of the property portfolio, refurbishments and good customer care. Occupancy for 2022 was at 91.87%.

As of 31st December 2023, the overall property portfolio for MPICO plc was in a good state of repair except for one site, Tikwere House, which was damaged by a fire incident in the course of the year.

Routine maintenance plans were executed on the buildings as per the approved budget for 2023 which targeted the refurbishment of 7,843 square meters of space. Overall execution of the maintenance plan was at 80% as at 31st December 2023 due to the impact of foreign currency shortages and the subsequent devaluation that led to increased maintenance costs.

Economic Outlook

Economic growth prospects hinge around the successful traction of the International Monetary Fund's (IMF) Extended Credit Facility (ECF) Program, which has the potential to unlock the much-needed foreign exchange. The Reserve Bank of Malawi (RBM) projects a real GDP growth of 3.8% in 2024 (2023: 1.5%). Downside risks to this projection remain climate change induced weather patterns, foreign currency supply shortages, and geopolitical conflicts.



Edith Jiya
Chairperson

Board of Directors

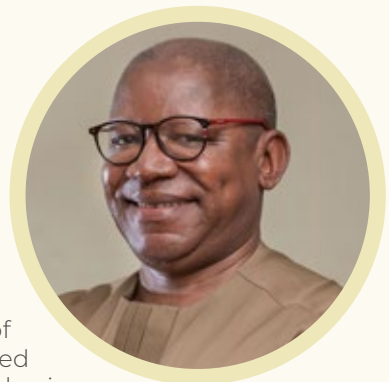


EDITH JIYA

Mrs. Edith Jiya is a holder of MSc. in Strategic Management from University of Derby and Bachelor of Business Administration degree from the University of Malawi. Edith Jiya is Group CEO of Old Mutual Malawi Limited. Previously, she was the Managing Director of Old Mutual Life Assurance Company (Malawi) Limited (OMLAC), a position she held for 5 years. She has also held senior managerial positions at OMLAC and BP Malawi Limited. Mrs. Jiya is an associate member of the Chartered Insurance Institute (The CII) UK and associate of the Chartered Institute of Marketing. She currently serves on Old Mutual Malawi Group Board and as a Director on the Board of UAPOM Life Uganda.

CHRISTOPHER KAPANGA

Mr. Christopher Kapanga is a former CEO of Old Mutual West Africa and before that CEO of Old Mutual Ghana and Old Mutual Malawi. He holds an MBA degree from the University of Cape Town. He is one of the earliest Malawians to qualify as a Chartered Insurer and has over 38 years of international experience in the insurance industry. Mr. Kapanga is the Chairman of the Board of Standard Bank plc and has previously served on boards of some major corporates in Malawi, including Old Mutual Malawi, Press Corporation, National Bank of Malawi and Malawi Development Corporation (MDC).



Board of Directors



BENARD NDAU

Mr. Benard Ndaou is a holder of an LLM and LLB(Hons) degree and a qualified legal practitioner with over 20 years' post-graduate experience. Mr Ndaou has interest and international experience in Commercial Law; Project Due Diligence; Telecommunications Law, International Commercial Arbitration; Mergers and Acquisitions and Corporate Governance.

EDMUND HAMI

Mr. Edmund Hami is a Certified Chartered Accountant (ACCA – UK), a holder of Masters Business Administration (MBA) degree from East and Southern Africa Management Institute. He is a board member of MPICO plc and MPICO Malls Limited and Chairman of the Audit, Risk and Compliance Committee (ARCC) for MPICO group. Previously, he served in several senior finance management positions in Unilever PLC, Central Africa, East Africa, West Africa and Middle East Regions for over 28 years of which 14 years were in international finance service. He briefly worked for Carlsberg (Malawi) and Kentam products as Chief Finance Officer and Finance & Operations Manager respectively.



Board of Directors



FELIX MANGANI

Mr. Felix Mangani is a former Commissioner for Lands and before that Surveyor General in Government. He holds a Bachelor of Science (Hons) degree in Surveying and Mapping Sciences obtained from the University of East London (UK) formerly North East London Polytechnic majoring in Land Surveying and Land Registration in 1985. He retired from Government in 2018 after 37 years of public service. He is currently a practising licensed Land Surveyor and a member of the Land Surveyors Registration Board and the Surveyors Institute of Malawi (SIM).

PETER MATIPWIRI

Dr. Peter Matipwiri holds a PhD by research in Sustainable Infrastructure Management from University of Bolton, England, Master of Business Administration and Bachelor of Science in Civil Engineering from the University of Malawi. He successfully founded PBM Group of Companies comprising PBM Construction, PBM Drilling Company and PBM Consultants.



Board of Directors



VERA ZULU

Mrs. Vera Zulu is a Fellow of the Association of Chartered Certified Accountants (FCCA) UK, and a Chartered Accountant (CA) Malawi. She holds a Masters' Degree in Business Administration (MBA) from the University of Derby, UK, and a Bachelors' Degree in Accountancy (BAC) Malawi. She is currently the Chief Finance Officer of Old Mutual (Malawi) Limited.

MARTHA MKANDAWIRE

Mrs. Martha Mkandawire is a seasoned professional in finance, administration, and management, holding a Bachelor's Degree in Accounting and an MBA from the University of Malawi. Mrs Mkandawire is a Fellow Certified Chartered Accountant (FCCA) of the UK, Associate Member of CIPS, and Full Member of the Institute of Chartered Accountants, CA, Mw. With over 28 years of experience, she has held senior roles in organizations such as KPMG, NCIC and the National Council for Higher Education. Currently serving as Director of Finance and Administration, her leadership extends to various boards including NGORA and MBTS. Mrs. Mkandawire's expertise underscores her commitment to excellence in finance, administration, and governance across public and private sectors.



Board of Directors



CHIFUNDO KALAILE
Company Secretary

Ms. Chifundo Kalaile is a holder of an LLM in Commercial Law from Cardiff University and an LLB (Hons) from University of Malawi, Chancellor College. Ms. Kalaile also completed her Management Advancement Programme with the University of Wits in 2013. Ms. Kalaile qualified as a Certified Anti-Money Laundering Specialist in 2019. Ms. Kalaile currently works for Old Mutual as the Corporate Governance Executive and Company Secretary, a position she has held since 2008. She previously worked for Ministry of Justice for 7 years as a State Advocate. Her legal career spans over 19 years.

03

The Gateway Netball Challenge Corporate Social Investment Initiative

The Gateway netball challenge is MPICO's Corporate Social Investment towards sports development in Malawi which has been carried out for five years since its inception in 2016. This initiative compliments government efforts towards sports development while empowering the girl child by creating an enabling environment for girls to thrive. The Gateway central region netball challenge is delivered in collaboration with Central Region Netball Committee, CRNC. In 2023, MPICO plc sponsored The Gateway central region netball league with MK 24,000,000. The league took place between June and November 2023 with games being played at the Gateway netball court. Seventeen (17) teams participated in the league; the top two teams were Blue Eagles and Civo Nets, in the end Blue Eagles emerged as the winners and received MK3,000,000 as prize money.



The winning team Blue Eagles flaunts their medals and celebrates their win

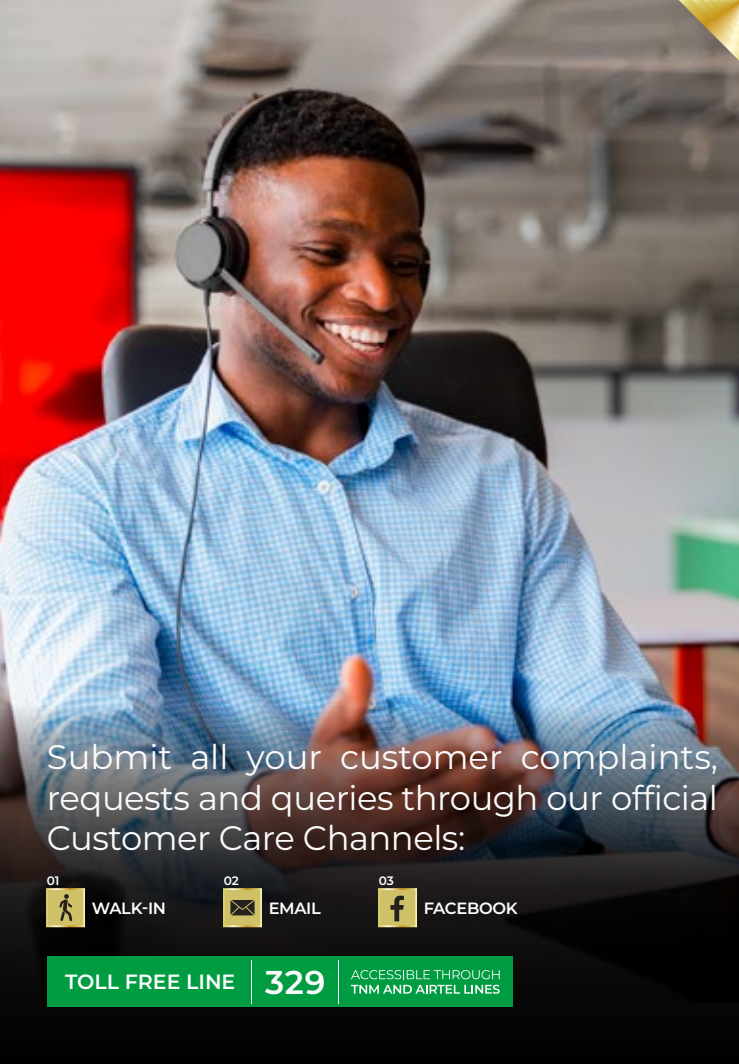


(From left) At the final league event MPICO representative Elliot Jambo holds trophy with Ministry of Sports representative Charles Ulaya, Netball Association of Malawi (NAM) representative Isaac Chimwala and Central Region Netball Committee representative, Cecelia Mtkule



The top two teams: Blue Eagles and Civo Nets play the final game at The Gateway netball court

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04

Consolidated and Separate financial statements



MPICO PLC

REPORT OF THE DIRECTORS

For the year ended 31 December 2023

The directors have pleasure in presenting the separate and consolidated financial statements of MPICO plc “the Company” and its subsidiary companies together “the Group” for the year ended 31 December 2023.

INCORPORATION AND REGISTERED OFFICE

MPICO plc is a Company incorporated in Malawi under the Companies Act, 2013 of Malawi. It is listed on the Malawi Stock Exchange. The address of its registered office is:

Old Mutual House
Robert Mugabe Crescent
P.O. Box 30459
LILONGWE 3

AREAS OF OPERATION

The Group has 27 (2022: 27) investment properties in the country, mainly in Lilongwe and Blantyre, which it rents out to the Government and the private sector.

SHARE CAPITAL

The authorized share capital of the Company is K150 million (2022: K150 million) divided into 3 000 000 000 ordinary Shares of 5 tambala each (2022: 3 000 000 000 ordinary shares of 5 tambala each). The issued capital is K114.902 million (2022: K114.902 million) divided into 2 298 047 460 ordinary shares of 5 tambala each (2022: 2 298 047 460 ordinary shares of 5 tambala each), fully paid.

The shareholders and their respective shareholding as at year-end were:

	2023	2022
	%	%
Old Mutual Life Assurance Company (Malawi) Limited	42.98	42.98
Old Mutual (Malawi) Limited	28.58	28.58
General Public	23.43	23.43
Lincoln Investments Limited	5.01	5.01
	<u>100.00</u>	<u>100.00</u>

PROFITS AND DIVIDENDS

The directors report a net profit for the year of K7.1 billion (2022: K8.1 billion) for the Group [Company K3.1 billion (2022: K3.5 billion)]. A final dividend of K503 million in respect of 2022 profits was declared and paid on 26 July 2023 (2021: K437 million in respect of 2021 profits).

FINANCIAL PERFORMANCE

The results and state of affairs of the Company and the Group are as disclosed in the statements of financial position, statements of comprehensive income, changes in equity and cash flows and other explanatory information and do not, in our opinion, require any further comment.

CORPORATE GOVERNANCE

The Group embraces the best practices in corporate governance as enshrined under the Companies Act, 2013, the Malawi Code II, the Group Governance Framework (GGF) and Malawi Stock Exchange Listing requirements plus other laws applicable to the real estate industry.

The Board and its subcommittees have written charters and terms of references respectively, which include all material points as required under the corporate governance guidelines. The subcommittees are chaired by a non-executive director.

The Company has entered into an agreement with Old Mutual Investment Group Ltd (OMIG) where OMIG manages the business both from an operations and investment management perspectives with the aim of achieving the best of outcomes for all stakeholders of the Company.

DIRECTORS

Selection and succession planning

The selection and appointment of directors is effected through a formal and transparent process and is a matter for the Board as a whole. A formal orientation programme exists to familiarize incoming directors with the Company's operations and its business environment and to induct them in their fiduciary duties and responsibilities.

MPICO PLC

REPORT OF THE DIRECTORS

For the year ended 31 December 2023

Rotation and retirement

Newly appointed directors may hold office only until the next annual general meeting at which they retire and become available for re-election by the shareholders on the recommendation of the Board. All directors are subject to retirement by rotation and re-election by the shareholders at least once every three years.

The following directors, appointed in terms of the Articles of Association of the Company, served office during the year:

Mrs. E. Jija	- Chairperson all year	Non-executive director
Mr. C. Kapanga	- Member all year	Independent non-executive director
Mr. F. Mangani	- Member all year	Independent non-executive director
Dr. P. Matipwiri	- Member all year	Independent non-executive director
Mr. E. Hami	- Member all year	Independent non-executive director
Mr. B. Ndau	- Member all year	Independent non-executive director
Mrs. M. Mkandawire	- Member from 06th March 2023	Independent non-executive director
Mr. V. Zulu	- Member from 31st January 2023	Non-executive director

The following directors served office for the subsidiaries during the year.

MPICO MALLS LIMITED

Mr. K. Phiri	- Chairperson all year	Non-executive director
Mr. C. Kapanga	- Member all year	Independent non-executive director
Mr. F. Mangani	- Member all year	Independent non-executive director
Mr. B. Ndisale	- Member all year	Independent non-executive director
Ms. J. Namitembo	- Member all year	Independent non-executive director
Mr. E. Hami	- Member all year	Independent non-executive director

CAPITAL INVESTMENTS LIMITED

Mr. D. Kafoteka	- Chairman all year	Executive director
Mr. B. Jere	- Member all year	Independent non-executive director
Mr. W. Mabulekesi	- Member all year	Independent non-executive director
Mr. K. Phiri	- Member all year	Non executive director

FRONTLINE INVESTMENTS LIMITED

Mr. D. Kafoteka	- Chairperson all year.	Executive director
Mr. P. Fitzsimons	- Member all year.	Independent non-executive director
Mr. K. Phiri	- Member all year.	Non-executive director

The directors for the 100% owned companies New Capital Properties Limited and Capital Developments Limited were the same as for the Company.

REPORT OF THE DIRECTORS

For the year ended 31 December 2023

COMPANY SECRETARY

The Company Secretary in the year was Ms. Chifundo Kalaille.

DIRECTORS' INTERESTS

The directors noted below hold the following ordinary shares in the Company as at 31st December 2023:

Mr. C. Kapanga	452 773 (2022: 452 773) shares
Mr. F. Mangani:	12 000 (2022: 12 000) shares

NUMBER OF BOARD MEETINGS HELD

The Board maintains a scheduled calendar of meetings and a standing agenda. The meetings are held quarterly and the Board at times also schedule adhoc meetings. Further, where necessary some specific items are added to the agenda in order to allow the Board to focus on key matters at each prevailing time. After each quarterly meeting, the Board schedules informal sessions and interactions, which allows directors, management and other stakeholders to discuss matters affecting the business.

During the year ended 31 December 2023, six meetings were held and attendance by each director is given below:

NAME OF DIRECTOR	NUMBER OF MEETINGS ELIGIBLE TO ATTEND DURING THE YEAR	NUMBER OF MEETINGS ATTENDED
Edith Jiya	5	5
Christopher Kapanga	6	6
Felix Mangani	6	4
Peter Matipwiri	6	6
Edmund Hami	6	6
Benard Ndau	6	4
Martha Mkandawire	6	5
Vera Zulu	5	5

REPORT OF THE DIRECTORS

For the year ended 31 December 2023

BOARD COMMITTEE

The Board has an Audit, Risk and Compliance Committee to assist the Board in discharging its responsibilities.

The Board committee have terms of reference and report to the main Board.

AUDIT, RISK & COMPLIANCE COMMITTEE (ARCC)*Principal functions*

The ARCC serves in an advisory capacity to the Board and assists the directors to discharge their duties relating to the safeguarding of assets, the operation of adequate systems, risk management and controls, the review of financial information and the preparation of the financial statements. This includes satisfying the Board that adequate internal operating and financial controls are in place and that material corporate risks have been identified and are being effectively managed and monitored.

The ARCC comprises three non-Executive directors, and the Management Company and the management team attends the ARCC meetings. Further, the Company's external auditors attend the meetings when appropriate and necessary.

The committee met four times during the year 2023 and the members' attendance is summarised as below:

NAME OF DIRECTOR	NUMBER OF MEETINGS ELIGIBLE TO ATTEND DURING THE YEAR	NUMBER OF MEETINGS ATTENDED
Edmund Hami	4	4
Benard Ndau	4	4
Vera Zulu	4	4

DIRECTORS' REMUNERATION

The directors' fees and remuneration for the Group and its subsidiaries was as follows:

Entities	Non-executive Directors fees and expenses	Executive Directors remuneration	Total
	K' million	K' million	K'million
For the year ended 31 December 2023			
MPICO plc	93.1	-	93.1
MPICO Malls Limited	38.8	-	38.8
Capital Investments Limited	28.9	-	28.9
Capital Developments Limited	25.8	-	25.8
New Capital Properties Limited	28.0	-	28.0
Frontline Investments Limited	<u>19.4</u>	<u>-</u>	<u>19.4</u>
	<u>234.0</u>	<u>-</u>	<u>234.0</u>
For the year ended 31 December 2022			
MPICO plc	64.0	-	64.0
MPICO Malls Limited	36.8	-	36.8
Capital Investments Limited	20.8	-	20.8
Capital Developments Limited	15.5	-	15.5
New Capital Properties Limited	14.9	-	14.9
Frontline Investments Limited	<u>15.2</u>	<u>-</u>	<u>15.2</u>
	<u>167.2</u>	<u>-</u>	<u>167.2</u>

MPICO PLC

REPORT OF THE DIRECTORS

For the year ended 31 December 2023

ACTIVITIES

MPICO plc is in the business of development, rental and management of property. It has subsidiary companies as follows:

Subsidiaries of MPICO PLC	Percentage of Control	Nature of operations
Capital Developments Limited	100%	Development and rental of property
New Capital Properties Limited	100%	Development and rental of property
Capital Investments Limited	50.75%	Development and rental of property
Frontline Investments Limited	69.5%	Development and rental of property
MPICO Malls Limited	53.10%	Development and rental of property

DONATIONS

The Group and its subsidiaries did not make any direct charitable donation this year (2022: Nil).

REPORT OF THE DIRECTORS

For the year ended 31 December 2023

AUDITORS REMUNERATION

The agreed fees payable by the Group and its subsidiaries to their external auditors for financial audit and non-financial audit services are as follows:

Entity	Financial Audit K'million
For the year ended 31 December 2023	
MPICO Plc	47.5
MPICO Malls Limited	17.3
Capital Investments Limited	12.1
Capital Development Limited	10.0
New Capital Properties Limited	12.0
Frontline Investments Limited	11.0
	<u>109.9</u>

Entity	Financial Audit K'million
For the year ended 31 December 2022	
MPICO Plc	38.3
MPICO Malls Limited	13.9
Capital Investments Limited	9.8
Capital Development Limited	8.1
New Capital Properties Limited	9.7
Frontline Investments Limited	8.9
	<u>88.7</u>

The Auditors did not provide any non-audit services during the year. The directors are therefore satisfied with the same.

AUDITORS

The Group auditors, Deloitte, have indicated their willingness to continue in office and a resolution is to be proposed at the forthcoming Annual General Meeting to re-appoint them as auditors in respect of the Company's 31 December 2024 financial statements.

MPICO PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2023

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of MPICO plc (the Company) and its subsidiaries (the Group), comprising the consolidated and separate statements of financial position at 31 December 2023, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, which include a summary of material accounting policy information and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Malawi Companies Act, 2013.

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

In preparing the consolidated and separate financial statements the directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of material accounting policy information and applying it 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 Group and the Company will continue in business in the foreseeable future.

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

The directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Group and the Company and of their operating results and cash flows for the year ended 31 December 2023.



Edmund Hami (Director)



Mrs Edith Jiya (Chairperson)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MPICO plc

Opinion

We have audited the consolidated and separate financial statements of MPICO plc (“the Company”) and its subsidiaries (together “the Group”) set out on pages 14 to 61, which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of MPICO plc as at 31 December 2023, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Malawi Companies Act, 2013.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of Investment Properties (Consolidated and Separate financial statements)	
<p>The Group and the Company have investment properties which are carried at fair value in accordance with IAS 40 Investment Property (IAS 40) and IFRS13 Fair Value Measurement (IFRS 13). Significant judgement is required by the directors in determining the fair value of the investment properties.</p> <p>The valuation of investment properties is considered a key audit matter due to the significance of the balance to the financial statements as a whole, combined with methods used to value the investment properties, the judgement and estimation uncertainty associated with determining the amounts.</p> <p>The significance of the amount to the financial statements</p> <p>The most significant assets for the Group and Company are investment properties and had consolidated fair value of K86.7 billion as at 31 December 2023 and K26.9 billion in the Company's separate financial statements.</p> <p>The use of judgement and assumptions by the valuers and complexity of the methods used</p> <p>The investment properties were revalued as at 31 December 2023 by professional independent property valuation expert using the investment method and, wherever appropriate, the direct comparison method and depreciated replacement cost method.</p> <p>The valuation of investment properties is of a specialised nature and rely on judgmental inputs and assumptions. Key areas of judgement relating to inputs into the valuation of investment properties include capitalisation and rental market rates.</p> <p>Refer to notes 3.6 and 4.2.1 to the financial statements for the accounting policy and critical accounting estimates and judgements and note 6 to the financial statements for investment properties disclosures.</p>	<p>To address the key audit matter, we carried out the following audit procedures:</p> <ul style="list-style-type: none"> We assessed the design and implementation and tested operating effectiveness of controls relating to valuation of investment properties; We assessed the competence, capabilities and objectivity of the management's investment property valuation experts, and we verified their qualifications and experience. In addition, we discussed the scope of their work and reviewed their terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that the approach they used is appropriate and consistent with the prior year and industry norms; We also involved our independent investment property valuation experts in evaluating the directors' and their expert valuer's judgements, including the methods and related assumptions used; Our independent valuation experts counterchecked the data used for calculation and the output from the calculation of the investment properties and the emerging values as prepared and presented by the directors; We performed a sensitivity analysis of the significant assumptions made by the management's expert so as to evaluate the extent of impact on investment properties and assessed the appropriateness of disclosures in the financial statements; and In addition, we tested a selection of data inputs underpinning the valuation, including total rental income, percentage rental increase in a year, rental market rates and occupancy levels to appropriate supporting evidence, to assess the accuracy and completeness thereof. <p>We found that the methods used for valuation of investment properties were appropriate; and the disclosures pertaining to the investment properties were found to be appropriate and comprehensive in the consolidated and separate financial statements.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors and the Statement of Directors' Responsibilities, as required by the Companies Act, 2013, which we obtained prior to the date of this auditor's report; and the Annual Report, which is expected to be made available to us after the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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.

Directors' Responsibilities for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's and the Company's internal control;
- Evaluate the appropriateness of accounting policy information 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 Group's and 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 consolidated and separate 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 Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the consolidated and separate financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 consolidated and separate financial statements of the current year 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 logo for Deloitte, featuring the word "Deloitte" in a stylized, cursive script font.

Chartered Accountants

Christopher Kapenda

Partner

2 April 2024

MPICO PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

31 December 2023

	Notes	2023 K'000	Group 2022 K'000	2023 K'000	Company 2022 K'000
ASSETS					
NON-CURRENT ASSETS					
Investment properties	5&6	86 718 868	77 786 747	26 943 289	23 928 707
Plant and equipment	7	231 518	320 382	170 331	209 496
Investment in subsidiaries	8	-	-	14 640 612	14 640 612
Capital work in progress		12 652	12 652	-	-
Deferred tax	9	395 146	2 989 753	-	-
Secured staff loans		79 423	93 199	79 423	93 201
Total non-current assets		<u>87 437 607</u>	<u>81 202 733</u>	<u>41 833 655</u>	<u>38 872 016</u>
CURRENT ASSETS					
Dividend receivable		-	-	400 000	-
Amounts due from related parties	12	-	-	1 488 463	279 576
Taxation recoverable	19	3 062 911	1 370 413	2 861 541	1 282 086
Trade and other receivables	10	7 391 408	9 536 366	2 495 108	3 158 753
Promissory notes receivables	11	5 095 690	-	1 369 825	-
Cash and cash equivalents	15	326 710	379 654	8 544	75 324
Total current assets		<u>15 876 719</u>	<u>11 286 433</u>	<u>8 623 481</u>	<u>4 795 739</u>
TOTAL ASSETS		<u>103 314 326</u>	<u>92 489 166</u>	<u>50 457 136</u>	<u>43 667 755</u>
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital		114 902	114 902	114 902	114 902
Share premium		8 626 938	8 626 938	8 626 938	8 626 938
Distributable reserves		6 350 314	5 906 364	9 456 389	9 699 948
Non-distributable reserves		42 165 340	37 643 559	20 836 541	18 040 792
Equity attributable to equity holders of the parent		57 257 494	52 291 763	39 034 770	36 482 580
Non-controlling interests		24 906 546	23 308 595	-	-
Total equity		<u>82 164 040</u>	<u>75 600 358</u>	<u>39 034 770</u>	<u>36 482 580</u>
NON-CURRENT LIABILITIES					
Deferred tax	9	11 895 931	11 159 741	5 994 324	5 751 748
Borrowings	13	2 321 260	-	-	-
Total non-current liabilities		14 217 191	11 159 741	5 994 324	5 751 748
CURRENT LIABILITIES					
Amounts due to related parties	12	3 460 141	640 965	3 460 141	650 390
Borrowings	13	765 081	3 601 410	-	-
Trade and other payables	14	1 388 902	1 486 692	648 930	783 037
Bank overdraft	15	1 318 971	-	1 318 971	-
Total current liabilities		<u>6 933 095</u>	<u>5 729 067</u>	<u>5 428 042</u>	<u>1 433 427</u>
Total liabilities		<u>21 150 286</u>	<u>16 888 808</u>	<u>11 422 366</u>	<u>7 185 175</u>
TOTAL EQUITY AND LIABILITIES		<u>103 314 326</u>	<u>92 489 166</u>	<u>50 457 136</u>	<u>43 667 755</u>

The consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 6 March 2024 and were signed on its behalf by:

 Edmund Hami (Director)



..... Mrs Edith Jiya (Chairperson)

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 K'000	Group 2022 K'000	2023 K'000	Company 2022 K'000
INCOME					
Rental income	5	6 882 542	6 841 041	2 590 041	2 468 693
Interest income on rental arrears		1 079 806	879 720	340 186	268 152
Total rental and interest income on rental arrears		7 962 348	7 720 761	2 930 227	2 736 845
Increase in fair value of investment properties	5	8 932 121	6 690 900	3 014 582	2 428 500
Dividends income from subsidiaries		-	-	400 000	1 716 000
Other income	16	452 582	148 158	1 489 940	915 213
Total income		17 347 051	14 559 819	7 834 749	7 796 558
OPERATING EXPENSES					
Property and administration expenses	17	(5 380 143)	(4 583 257)	(4 243 285)	(3 286 166)
Expected credit losses	10	(166 055)	(271 521)	(80 826)	(106 040)
Total operating expenses		(5 546 198)	(4 854 778)	(4 324 111)	(3 392 206)
FINANCE COST					
Interest income on bank deposits and staff loans		17 758	21 127	13 793	15 944
Finance costs on borrowings		(880 472)	(720 909)	(226 584)	(167 126)
Net finance cost		(862 714)	(699 782)	(212 791)	(151 182)
PROFIT BEFORE TAXATION	18	10 938 139	9 005 259	3 297 847	4 253 170
Taxation	19	(3 871 376)	(867 783)	(242 576)	(784 832)
PROFIT FOR THE YEAR		7 066 763	8 137 476	3 055 271	3 468 338
APPROPRIATION OF PROFIT FOR THE YEAR					
Distributable reserves	21	947 031	1 089 817	259 523	1 600 247
Non-distributable reserves	21	4 521 781	4 636 627	2 795 748	1 868 091
Amounts attributable to members of the parent		5 468 812	5 726 444	3 055 271	3 468 338
Amounts attributable to non-controlling interests		1 597 951	2 411 032	-	-
		7 066 763	8 137 476	3 055 271	3 468 338
Basic earnings per share (K)	21	2.38	2.49		
Analysed as:					
Distributable (K)		0.41	0.47		
Non-distributable (K)		1.97	2.02		

The Group and Company had no other comprehensive income in the current year or prior year.

MPICO PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital K'000	Share premium K'000	Distributable reserves K'000	Non-distributable reserves K'000	Attributable to equity holders of the parent K'000	Non-controlling interests K'000	Total K'000
Group							
For the year ended 31 December 2023							
At the beginning of the year	114,902	8,626,938	5,906,364	37,643,559	52,291,763	23,308,595	75,600,358
Distributable profit for the year	-	-	947,031	-	947,031	498,710	1,445,741
Non-distributable profit for the year	-	-	-	4,521,781	4,521,781	1,099,241	5,621,022
Dividends declared – Final 2022	-	-	(503,081)	-	(503,081)	-	(503,081)
At the end of the year	<u>114,902</u>	<u>8,626,938</u>	<u>6,350,314</u>	<u>42,165,340</u>	<u>57,257,494</u>	<u>24,906,546</u>	<u>82,164,040</u>
For the year ended 31 December 2022							
At the beginning of the year	114,902	8,626,938	5,574,906	33,006,932	47,323,678	21,481,571	68,805,249
Distributable profit for the year	-	-	1,089,817	-	1,089,817	377,445	1,467,262
Non-distributable profit for the year	-	-	-	4,636,627	4,636,627	2,033,579	6,670,206
Dividends declared – Final 2021	-	-	(436,631)	-	(436,631)	-	(436,631)
Dividends declared – Interim 2022	-	-	(321,728)	-	(321,728)	(584,000)	(905,728)
At the end of the year	<u>114,902</u>	<u>8,626,938</u>	<u>5,906,364</u>	<u>37,643,559</u>	<u>52,291,763</u>	<u>23,308,595</u>	<u>75,600,358</u>

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2023

Company	Share capital K'000	Share premium K'000	Distributable reserves K'000	Non-distributable reserves K'000	Total K'000
For the year ended 31 December 2023					
At the beginning of the year	114 902	8 626 938	9 699 948	18 040 792	36 482 580
Distributable profit for the year	-	-	259 522	-	259 522
Non-distributable profit for the year	-	-	-	2 795 749	2 795 749
Dividend declared – Final 2022	-	-	(503 081)	-	(503 081)
	<u>114 902</u>	<u>8 626 938</u>	<u>9 456 389</u>	<u>20 836 541</u>	<u>39 034 770</u>
At the end of the year	<u>114 902</u>	<u>8 626 938</u>	<u>9 456 389</u>	<u>20 836 541</u>	<u>39 034 770</u>
For the year ended 31 December 2022					
At the beginning of the year	114 902	8 626 938	8 858 060	16 172 702	33 772 602
Distributable profit for the year	-	-	1 600 247	-	1 600 247
Non-distributable profit for the year	-	-	-	1 868 090	1 868 090
Dividend declared-Final 2021	-	-	(436 631)	-	(436 631)
Dividend declared -Interim 2022	-	-	(321 728)	-	(321 728)
	<u>114 902</u>	<u>8 626 938</u>	<u>9 699 948</u>	<u>18 040 792</u>	<u>36 482 580</u>
At the end of the year	<u>114 902</u>	<u>8 626 938</u>	<u>9 699 948</u>	<u>18 040 792</u>	<u>36 482 580</u>

The distributable reserve is available for distribution to shareholders as dividends subject to a 10% withholding tax. The non-distributable reserves relate to unrealised profits (net of related deferred tax) on valuation of investment properties and are not available for distribution.

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
SHARE CAPITAL				
Authorised: 3 000 000 000 Ordinary shares of 5t each (2022: 3 000 000 000 Ordinary Shares of 5t each)	<u>150 000</u>	<u>150 000</u>	<u>150 000</u>	<u>150 000</u>
Issued and fully paid: 2 298 047 460 Ordinary shares of 5t each (2022: 2 298 047 460 Ordinary Shares of 5t each)	<u>114 902</u>	<u>114 902</u>	<u>114 902</u>	<u>114 902</u>

MPICO PLC

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 K'000	Group 2022 K'000	2023 K'000	Company 2022 K'000
Cash flows from operating activities					
Cash generated from operations	23	1 668 526	4 103 207	570 270	1 244 935
Dividends received		-	-	-	1 716 000
Interest received		1 097 564	900 847	353 979	284 096
Interest paid		(778 603)	(720 909)	(226 583)	(167 126)
Dividends paid		(503 082)	(758 359)	(503 082)	(758 359)
Dividends paid to non-controlling shareholders		-	584 000)	-	-
Cash flows generated from operating activities					
		1 484 405	2 940 786	194 584	2 319 546
Taxation paid		(2 233 075)	1 443 688)	(1 579 453)	(1 209 198)
Net cash (used in)/generated by operating activities					
		(784 670)	1 497 098	(1 384 869)	1 110 348
Cash flows from investing activities					
Additions to plant and equipment	7	(19 190)	(30 628)	(13 765)	(23 442)
(Costs)/proceeds on disposal of equipment		(893)	2 223	(893)	2 223
Receipts from staff long-term loans		13 776	13 324	13 776	13 324
Net cash used in investing activities					
		(6 307)	(15 081)	(882)	(7 895)
Cash flows from financing activities					
Repayment of borrowings	13	(616 938)	(437 095)	-	-
Net cash used in financing activities					
		(616 938)	(437 095)	-	-
Net (decrease) /increase in cash and cash equivalents					
		(1 371 915)	1 044 922	(1 385 752)	1 102 453
Cash and cash equivalents at the beginning of the year		379 654	(665 268)	75 324	(1 027 129)
Cash and cash equivalents at the end of the year					
	15	(992 261)	379 654	(1 310 427)	75 324

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. General information

MPICO plc, the holding company of the Group, is domiciled in Malawi. The registered office is at Old Mutual House, Robert Mugabe Crescent, P.O. Box 30459, Lilongwe. These consolidated financial statements comprise MPICO plc and its subsidiaries (together referred to as Group). The Group is primarily in the business of development, rentals and management of properties.

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 Group 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 2023. The adoption of these standards did not have a material impact on the financial statements of the Group.

Effective date	Standard, Amendment or Interpretation
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Annual reporting periods beginning on or after 1 January 2023	<i>IAS 12 Income Taxes</i> -Deferred Tax related to Assets and Liabilities arising from a single Transaction
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	The Group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit
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Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

<p>Annual reporting periods beginning on or after 1 January 2023</p>	<p><i>IAS 8 Accounting Policies, Changes in accounting Estimates and Errors</i>-Definition of Accounting Estimates</p> <p>The Group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The definition of a change in accounting estimates was deleted.</p>
<p>Annual reporting periods beginning on or after 1 January 2023</p>	<p>IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2</p> <p>Making Materiality Judgements—Disclosure of Accounting Policies</p> <p>The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.</p> <p>The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.</p>

2.2 Standards and Interpretations in issue, not yet effective

A number of new standards, amendments to standards and interpretations are issued and effective for annual periods beginning on or after 1 January 2024 and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2024	<p>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)</p> <p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)</p> <p>The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>Non-current Liabilities with Covenants (Amendments to IAS 1)</p> <p>The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.</p>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Annual reporting periods beginning on or after 1 January 2024	<p>Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements</p> <p>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 was 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.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</p> <p>IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p>
Annual reporting periods beginning on or after 1 January 2024	<p>IFRS S2 Climate-related Disclosures</p> <p>IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p>

Except for IFRS S1 and IFRS S2, the directors anticipate that these Standards and Interpretations in future periods will have no significant impact on the financial statements of the Group. The directors are working on disclosure policies for IFRS S1 and IFRS S2.

3. Material accounting policy information

3.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

3.3 Basis of preparation

The financial statements are prepared in terms of the historical cost basis with the exception of investment properties, which are included at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets as explained in the accounting policies below.

The principal accounting policies are set out below.

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of MPICO plc and entities controlled by MPICO plc. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

3.5 Plant and equipment

Plant and equipment are shown at cost, less related accumulated depreciation and impairment losses.

Plant and equipment are depreciated on the straight line basis at rates that will reduce book amounts to estimated residual values over the anticipated useful lives of the assets as follows:

Fixtures and equipment	5 years
Computers	3 years
Generators and Lifts	10 years
Motor vehicles	4 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at every year-end. An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

3.6 Investment properties

Investment properties are stated at fair value determined as economic conditions dictate by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Properties are valued by independent valuers annually on a willing seller, willing buyer basis on an open market value. Any gain or loss arising from a change in fair value is recognized in the income statement. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

The increase in the fair value of investment properties, net of the related deferred tax, is appropriated to a non-distributable reserve. In the event of disposal of the property held at fair value, the related portion of the reserve is transferred to the distributable reserve. The statement of comprehensive income will then report a profit or loss on disposal based on the difference between proceeds and the carrying value. A property is deemed to have been sold when formal Government consent to the sale is received and that investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

3.7 Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and 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 deductible temporary differences can be utilised. 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 liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been 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 Group expects, at the reporting date, 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 Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity respectively. Where current and deferred tax arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.8 Foreign currencies

a. *Functional and presentation currency*

Items included in the financial statements of each of the Group's companies are measured using Malawi Kwacha, the functional currency of the primary economic environment in which the entire Group operates. The consolidated financial statements are presented in Malawi Kwacha, which is the Group's functional and presentation currency.

b. Transactions and balances

Transactions in currencies other than Malawi Kwacha are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

3.9 Revenue recognition

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease. Such rental income recognition commences when an occupancy agreement with a tenant is formalised.

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.10 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective

interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the “finance income – interest income” line item.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset..

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology is as simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less any impairment.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity period of three months or less. For cash flow statement purposes, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.11 Financial liabilities and equity

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability

derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Loans and borrowings

After initial recognition, accounts payables are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statement of comprehensive income.

3.12 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified,

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.14 Classification, measurement and recognition of leases

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3.15 Statement of cash flow

Cash flows are reported using the indirect method as per IAS-"Statement of cash flows", whereby profit for the period is adjusted for the effect of transactions of a non-cash nature, any deferral or accrual of past or future cash operating receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated. Management elected to disclose dividends paid and interest paid as operating activities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the principal accounting policies of the Group. Estimates and judgements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical judgments in applying the Group's material accounting policy information

In the application of the Group's accounting policies which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources, refer to note 3.6 and 6 to the financial statements for details of the estimates and judgements.

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.

No critical judgments were made by the management during the current period which would have a material impact on the financial statements.

4.2 Key sources of estimation uncertainty

The key assumptions that were made concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.2.1 Valuation of investment properties

Investment properties are carried at fair value in accordance with IAS 40 Investment Property. Fair values have been determined through valuations carried out by Knight Frank, qualified and registered valuers. Investment property is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined.

4.2.2 Calculation of impairment loss allowance

The entity recognises lifetime Expected Credit Losses (ECL) for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The process of determining ECL involves high degree of judgement from management, which affects valuation of the balance, hence gives risk to significant risk.

5. Operating segments

5.1 Operating Segments

Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

5.2 Products and services from which reportable segments derive their revenues

The Group has one principal line of business – rental and management of investment property. Information reported to and used by the Managing Director for decision making for the purposes of resource allocation and assessment of segment performance is more specifically focused on each of the Group's current 27 (2022: 27) investment properties.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

5.3 Geographical information

The Group's investment property is situated principally in the two major cities in Malawi. The following analysis shows the rental income, investment property values and property fair value movements by geographical market.

GROUP

	Rental income		Property values		Fair value increase	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Blantyre	468 466	497 765	6 925 435	6 125 075	800 360	808 500
Lilongwe	6 213 836	6 178 198	78 219 113	70 288 793	7 930 320	5 594 000
Other markets	200 240	165 078	1 574 320	1 372 879	201 442	288 400
Total	<u>6 882 542</u>	<u>6 841 041</u>	<u>86 718 868</u>	<u>77 786 747</u>	<u>8 932 122</u>	<u>6 690 900</u>

COMPANY

	Rental income		Property values		Fair value increase	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Blantyre	468 466	497 765	6 925 435	6 125 075	800 360	808 500
Lilongwe	1 929 291	1 805 850	18 504 843	16 485 754	2 019 090	1 336 000
Other markets	192 284	165 078	1 513 011	1 317 878	195 132	284 000
Total	<u>2 590 041</u>	<u>2 468 693</u>	<u>26 943 289</u>	<u>23 928 707</u>	<u>3 014 582</u>	<u>2 428 500</u>

6. Investment properties

VALUATION	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Freehold	39 804 369	35 668 369	24 194 209	21 508 329
Leasehold	<u>46 914 499</u>	<u>42 118 378</u>	<u>2 749 080</u>	<u>2 420 378</u>
Total investment properties	<u>86 718 868</u>	<u>77 786 747</u>	<u>26 943 289</u>	<u>23 928 707</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Movements in the valuation of investment properties are set out below.

VALUATION

Freehold

At the beginning of the year	35 668 369	32 412 369	21 508 329	19 455 329
Fair value adjustment	<u>4 136 000</u>	<u>3 256 000</u>	<u>2 685 880</u>	<u>2 053 000</u>
At the end of the year	<u>39 804 369</u>	<u>35 668 369</u>	<u>24 194 209</u>	<u>21 508 329</u>

Leasehold

At the beginning of the year	42 118 378	38 683 478	2 420 378	2 044 878
Fair value adjustment	<u>4 796 121</u>	<u>3 434 900</u>	<u>328 702</u>	<u>375 500</u>

At the end of the year	<u>46 914 499</u>	<u>42 118 378</u>	<u>2 749 080</u>	<u>2 420 378</u>
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Total valuation	<u>86 718 868</u>	<u>77 786 747</u>	<u>26 943 289</u>	<u>23 928 707</u>
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The registers of land and buildings are open for inspection at the registered offices of the Group and the Company.

Investment properties were revalued at fair value as at 31 December 2023 on the basis set out in note 3.5 to the financial statements. The valuations were carried out by an independent registered valuer, Desmond N. Namangale, MSc. Intl. Project. Mgmt.; BSc (Est. Man), Pg.Cert. Research; Methods, & PGCert. Prop Dev. & invest. MSIM, of Knight Frank (Malawi) Limited, in accordance with the Appraisal and Valuation Standards laid down by the Royal Institution of Chartered Surveyors and the International Valuation Standards, and the resultant fair value increase was taken to profit or loss in line with the IAS 40 Investments Property requirements.

There has been no change to the valuation technique during the year.

Details of the Group's and Company's land and buildings and fair value hierarchy as at the end of the year are as follows:

Group

	Level 3 K'000	Fair value K'000
31 December 2023		
Investment properties	<u>86 718 868</u>	<u>86 718 868</u>
31 December 2022		
Investment properties	<u>77 786 747</u>	<u>77 786 747</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Company

	Level 3 K'000	Fair value K'000
31 December 2023		
Investment properties	<u>29 943 289</u>	<u>26 943 289</u>
31 December 2022		
Investment properties	<u>23 928 707</u>	<u>23 928 707</u>

There has been a change in disclosure of levels from level 2 to level 3 as there is little market activity for investment properties at measurement date. There were no transfers amongst any of the levels during the year.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p>The valuation techniques used were investment or income method and, wherever appropriate, the direct comparison method and depreciated replacement cost method were used.</p> <p>The Income approach relies much on rental income of the property while comparable approach relies on recent sales data and all relevant factors pertaining to the property like age of the buildings and remaining lease life for the land. The rental is benchmarked to market rentals as opposed to rack end rentals that a subject property may be raking due to different varying factors.</p> <p>Replacement method is applied on the assumption of replacing a particular property as new by calculating its valued based current construction rates. Depreciation is subtracted from the replacement cost to reflect the age of the property. The land value is added to the depreciated value of improvements to arrive at the total value.</p>	<p>The following observable inputs were used in the current year by the independent valuer in estimating the fair value of the investment properties.</p> <ul style="list-style-type: none"> Capitalization rates of between 5.93% to 17 % (2022: 5.93% to 17%) Market rentals per square metre K4, 500 to K17 000 (2022: K4, 500 to K15 000) 	<p>An increase of 1% in capitalization rate would decrease the fair value by K7.9 billion while a decrease of 1% in capitalization rate would increase the fair value by K9.9 billion.</p> <p>An increase of 10% in market rentals per square metre would increase the fair value by K7.8 billion while a decrease of 10% in market rentals per square metre would decrease the fair value by K7.4 billion.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Included in the investment properties balance as at 31 December 2023 were properties encumbered as follows:

1. Development House in Lilongwe valued at K1.38 billion (2022: K1.27 billion) and Tikwere House valued at K2.591 billion (2022: K2.8 billion)

As detailed in note 15 to the financial statements, these properties are the subject of a charge in favour of FDH Bank plc and National Bank of Malawi plc to secure overdraft facilities of K900 million and K500 million, respectively.

2. The Gateway valued at K38.7 billion (2022: K34.8 billion)

The property is the subject of a charge in favour of Standard Bank (Malawi) Plc to secure a loan of K3.3 billion as detailed in note 13 to the financial statements.

In the year under review, two of the seven floors of Tikwere house caught fire. The lost rentals amounting to K292 million are being claimed from the insurer and, as at the time of approval of these financial statements, the insurance claim processes were at an advance stage.

Details of the cost of the investment properties are as follows:-

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
At cost	19 572 285	19 572 285	305 956	305 956
Fair values	67 146 583	58 214 462	26 637 333	23 622 751
Total investment properties	<u>86 718 868</u>	<u>77 786 747</u>	<u>26 943 289</u>	<u>23 928 707</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

7. Plant and equipment**GROUP**

	Fixture & Fittings	Generators	Motor vehicles	Furniture equipment	Total
COST					
At 1 January 2023	249 552	291 554	118 147	496 514	1 155 767
Additions	3 319	-	-	15 871	19 190
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2 190)</u>	<u>(2 190)</u>
At 31 December 2023	<u>252 871</u>	<u>291 554</u>	<u>118 147</u>	<u>510 195</u>	<u>1 172 766</u>
At 1 January 2022	230 778	291 554	118 147	490 987	1 131 466
Additions	18 775	-	-	11 853	30 628
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6 326)</u>	<u>(6 326)</u>
At 31 December 2022	<u>249 553</u>	<u>291 554</u>	<u>118 147</u>	<u>496 514</u>	<u>1 155 768</u>
ACCUMULATED DEPRECIATION					
At 1 January 2023	195 982	135 876	117 084	386 443	835 385
Charge for the year	27 775	25 334	1 063	53 941	108 113
Disposal	<u>(59)</u>	<u>-</u>	<u>-</u>	<u>(2 190)</u>	<u>(2 249)</u>
At 31 December 2023	<u>223 698</u>	<u>161 210</u>	<u>118 147</u>	<u>438 194</u>	<u>941 249</u>
At 1 January 2022	161 546	114 967	95 834	329 250	701 597
Charge for the year	34 437	20 909	21 250	61 578	138 174
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4 385)</u>	<u>(4 385)</u>
At 31 December 2022	<u>195 983</u>	<u>135 876</u>	<u>117 084</u>	<u>386 443</u>	<u>835 386</u>
CARRYING AMOUNT					
Carrying amount at 31 December 2023	<u>29 174</u>	<u>130 344</u>	<u>-</u>	<u>72 001</u>	<u>231 518</u>
Carrying amount at 31 December 2022	<u>53 570</u>	<u>155 678</u>	<u>1 063</u>	<u>110 071</u>	<u>320 382</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Company

	Fixture & Fitting	Generators	Motor vehicles	Furniture & equipment	Total
COST					
At 1 January 2023	90 438	179 367	118 147	293 979	681 931
Additions	2 992	-	-	10 773	13 765
Disposal	-	-	-	(1 441)	(1 441)
At 31 December 2023	<u>93 430</u>	<u>179 367</u>	<u>118 147</u>	<u>303 311</u>	<u>694 555</u>
At 1 January 2022	76 169	179 367	118 147	291 132	664 815
Additions	14 269	-	-	9 173	23 442
Disposal	-	-	-	(6 326)	(6 326)
At 31 December 2022	<u>90 438</u>	<u>179 367</u>	<u>118 147</u>	<u>293 979</u>	<u>681 931</u>
ACCUMULATED DEPRECIATION					
At 1 January 2023	66 910	76 216	117 084	212 225	472 435
Depreciation	8 642	16 374	1 063	26 912	52 991
Disposal	(61)	-	-	(1 441)	(1 502)
At 31 December 2023	<u>75 491</u>	<u>92 590</u>	<u>118 147</u>	<u>237 696</u>	<u>523 924</u>
ACCUMULATED DEPRECIATION					
At 1 January 2022	59 605	61 982	95 834	182 862	400 283
Depreciation	7 305	14 234	21 250	33 748	76 537
Disposal	-	-	-	(4 385)	(4 385)
At 31 December 2022	<u>66 910</u>	<u>76 216</u>	<u>117 084</u>	<u>212 225</u>	<u>472 435</u>
CARRYING AMOUNT					
Carrying amount at 31 December 2023	<u>17 939</u>	<u>86 777</u>	<u>-</u>	<u>65 615</u>	<u>170 331</u>
Carrying amount at 31 December 2022	<u>23 528</u>	<u>103 151</u>	<u>1 063</u>	<u>81 754</u>	<u>209 496</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

8. Subsidiary companies

	2023 %	2022 %	2023 K'000	2022 K'000
Wholly owned subsidiaries				
New Capital Properties Limited	100.00	100.00	571	571
Capital Developments Limited	100.00	100.00	68 969	68 969
Other subsidiaries				
Frontline Investments Limited	69.50	69.50	1 870	1 870
MPICO Malls Limited	53.10	53.10	14 567 801	14 567 801
Capital Investments Limited	50.74	50.75	1 401	1 401
Total investment in subsidiary companies			<u>14 640 612</u>	<u>14 640 612</u>

The investments in subsidiary companies comprise ordinary shares and are stated at cost. The subsidiaries have no other forms of shares in issue.

9. Deferred taxation

Group

Deferred tax asset

For the year ended 31 December 2023	Balance as at 1 January 2023 K'000	Recognised in profit or loss K'000	Balance as at 31 December 2023 K'000
Deferred tax assets movement in the year			
Revaluation of investment property	2 594 607	(2 594 607)	-
Excess capital allowances	20 142	-	20 142
Tax losses	232 483	-	232 483
Other temporary differences	142 521	-	142 521
Total	<u>2 989 753</u>	<u>(2 594 607)</u>	<u>395 146</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

For the year ended 31 December 2022	Balance as at 1 January 2023 K'000	Recognised in profit or loss K'000	Balance as at 31 December 2023 K'000
Deferred tax assets movement in the year			
Revaluation of investment property	1 599 902	994 705	2 594 607
Excess capital allowances	8 904	11 238	20 142
Tax losses	351 311	(118 828)	232 483
Other temporary differences	100 817	41 704	142 521
	<u>2 060 934</u>	<u>928 819</u>	<u>2 989 753</u>

Deferred tax asset of K2.6 billion has been derecognised in respect of carried forward revaluation gains of investment property in MPICO Malls Limited due to the uncertainties regarding the entity's ability to generate sufficient taxable profits against which the deferred tax asset can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Group

Deferred tax liabilities

For the year ended 31 December 2023

	Balance as at 1 January 2023 K'000	Recognised in Profit or loss K'000	Balance as at 31 December 2023 K'000
Deferred tax liabilities movement in the year			
Revaluation of investment property	(11 419 070)	(716 496)	(12 135 566)
Excess capital allowances	24 244	7 727	31 971
Other temporary differences	<u>235 085</u>	<u>(27 421)</u>	<u>207 664</u>
Total	<u>(11 159 741)</u>	<u>(736 190)</u>	<u>(11 895 931)</u>

For the year ended 31 December 2022

Deferred tax liabilities movement in the year

Revaluation of investment property	(10 343 609)	(1 075 461)	(11 419 070)
Excess capital allowances	13 457	10 787	24 244
Other temporary differences	<u>29 669</u>	<u>105 416</u>	<u>235 085</u>
Total	<u>(10 200 483)</u>	<u>(959 258)</u>	<u>(11 159 741)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Company

For the year ended 31 December 2023

Deferred tax liabilities movement in the year

Revaluation of investment property	(5 920 037)	(218 833)	(6 138 870)
Excess capital allowances	21 615	3 382	24 997
Other temporary differences	<u>146 674</u>	<u>(27 125)</u>	<u>119 549</u>
Total	<u>(5 751 748)</u>	<u>(242 576)</u>	<u>(5 994 324)</u>

For the year ended 31 December 2022

Deferred tax liabilities movement in the year

Revaluation of investment property	(5 359 626)	(560 412)	(5 920 037)
Excess capital allowances	11 782	9 833	21 615
Other temporary differences	<u>109 264</u>	<u>37 410</u>	<u>146 674</u>
Total	<u>(5 238 579)</u>	<u>(513 169)</u>	<u>(5 751 748)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
10. Receivables				
Rental and service charges	6 256 081	8 479 669	2 518 929	3 020 258
Prepaid property expenses	188 844	165 080	86 447	80 722
Staff receivables	140 458	181 251	140 455	181 200
IFRS 16 receivable	1 618 635	1 589 582	-	-
Other receivables	440 894	208 233	147 772	194 191
Expected Credit Losses	(1 253 504)	(1 087 449)	(398 495)	(317 668)
Total receivables	<u>7 391 408</u>	<u>9 536 366</u>	<u>2 495 108</u>	<u>3 158 753</u>

Interest is charged on receivables in respect of outstanding rentals at 4% above base lending rate. As at year end the amount outstanding from Government was K3 519 million (2022: K5 982 million) for the Group {Company K1 216 million (2022: K1 848 million)}. The total interest charged on overdue Government rentals and other tenants amounted to K1 080 million (2022: K880 million) {Company K340 million (2022: K268 million)} for the year.

The IFRS 16 receivable of K1 618 million (2022: K1 590 million) relates to a receivable that arose as a result of the entity recognizing income on a straight-line basis over the lease term in line with IFRS 16 Leases. This is applicable to leases that are not renewable on an annual basis.

The Group has provided for all receivables in line with IFRS 9 on the basis set out in note 3 and note 4.2.2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Rentals and service charges receivables which were outstanding as at year end are analysed below:-

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
0-90 days	501 833	1 531 155	238 830	512 279
Over 90 days	5 754 248	6 948 514	2 280 099	2 507 979
	<u>6 256 081</u>	<u>8 479 669</u>	<u>2 518 929</u>	<u>3 020 258</u>
Movement in Expected Credit Losses (ECL)				
Balance at beginning of the year	1 087 449	815 928	317 669	211 628
Increase in ECL recognised in the profit or loss	<u>166 055</u>	<u>271 521</u>	<u>80 826</u>	<u>106 040</u>
Balance at end of the year	<u>1 253 504</u>	<u>1 087 449</u>	<u>398 495</u>	<u>317 668</u>

In determining the recoverability of rentals receivable, the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. Except for the Government which for the Group accounts for approximately 37 % (2022: 40%) {Company 36% (2022: 36%)} rental income, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the loss allowance for trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which debtors operate and on the assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100% against all receivables that were handed over to external debt collectors. The Group has recognized a loss allowance for all Government receivables at 1.5%. This was based on the directors' judgment in the determination of the probability of default and loss given default.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

The following table details the risk profile of trade receivables other than from Government and those handed over to external collectors based on the Group's provision matrix. As the Group's historical credit loss allowance does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Group

Trade receivables for Government-days past due

	Current K'000	93 to 184 days K'000	185 to 275 days K'000	276 to 365 days K'000	Over 365 days K'000
Estimated total gross Carrying amount at Default	426 063	-	-	663 782	2 772 172
Expected loss rate	1.5%	1.5%	1.5%	1.5%	1.5%
Lifetime ECL	<u>6 391</u>	<u>-</u>	<u>-</u>	<u>9 957</u>	<u>41 583</u>

Trade receivables for private tenants-days past due

	Current K'000	93 to 184 days K'000	185 to 275 days K'000	276 to 365 days K'000	Over 365 days K'000
Estimated total gross Carrying amount at Default	70 404	136 403	255 195	161 180	880 084
Expected loss rate	2.0%	2.0%	1.0%	5.0%	5.0%
Lifetime ECL	<u>1 408</u>	<u>2 728</u>	<u>2 552</u>	<u>8 059</u>	<u>44 004</u>

Trade receivables with external debt collectors

	Current K'000	93 to 184 days K'000	185 to 275 days K'000	276 to 365 days K'000	Over 365 days K'000
Estimated total gross Carrying amount at Default	5 366	3 301	907	99 495	824 830
Expected loss rate	100%	100%	100%	100%	100%
Lifetime ECL	<u>5 366</u>	<u>3 301</u>	<u>907</u>	<u>99 495</u>	<u>824 830</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

Company

Trade receivables for Governments-days past due

	Current K'000	93 to 184 days K'000	185 to 27 days K'000	276 to 36 days K'000	Over 365 days K'000
Estimated total gross Carrying amount at Default	214 237	-	-	194 347	958 465
Expected loss rate	1.5%	1.5%	1.5%	1.5%	1.5%
Lifetime ECL	<u>3 214</u>	<u>-</u>	<u>-</u>	<u>2 915</u>	<u>14 378</u>

Trade receivables for private tenants-days past due

	Current K'000	93 to 184 days K'000	185 to 27 days K'000	276 to 36 days K'000	Over 365 days K'000
Estimated total gross Carrying amount at Default	25 564	73 064	138 708	29 132	598 888
Expected loss rate	2	2 %	1%	5%	5%
Lifetime ECL	<u>511</u>	<u>1 461</u>	<u>1 387</u>	<u>1 457</u>	<u>29 944</u>

Trade receivables with external debt collectors

	Current K'000	93 to 184 days K'000	185 to 275 days K'000	276 to 365 days K'000	Over 365 days K'000
Estimated total gross Carrying amount at Default	-	173	-	55 762	329 367
Expected loss rate	100%	100%	100%	100%	100%
Lifetime ECL	<u>-</u>	<u>173</u>	<u>-</u>	<u>55 762</u>	<u>329 367</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

11. Promissory notes receivables

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Malawi Government	<u>5 095 690</u>	<u>-</u>	<u>1 369 825</u>	<u>-</u>

During the year the Group and the Company received promissory notes amounting to K5.1 billion and K1.4 billion for the Group and the Company respectively from the Malawi Government being part settlement of rental arrears. For the Group, K2.9 billion will mature in March 2024, K1.6 billion in June 2024 and K0.5 billion in September 2024. For the Company, K0.88 billion will mature in March 2024. K0.46 billion in June 2024 and K0.03 billion in September 2024. The promissory notes are at zero coupon rate and they mature within 12 months as at year end therefore, the entity elected not to discount them.

12. Amounts due from (to) related parties

At the year-end, the Company had the following balances with subsidiary companies in respect of management fees for various services property management.

	Amounts due from(to) Related parties	
	2023 K'000	2022 K'000
New Capital Properties Limited	213 922	4 120
Capital Developments Limited	426 258	12 389
Frontline Investments Limited	210 754	(9 425)
Capital Investments Limited	47 731	27 373
MPICO Malls Limited	<u>589 798</u>	<u>235 694</u>
Net amount due from subsidiaries	<u>1 488 463</u>	<u>270 151</u>
Amounts due to related parties	-	(9 425)
Amounts due from related parties	<u>1 488 463</u>	<u>279 576</u>
Net amount due from related parties	<u>1 488 463</u>	<u>270 151</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

The intermediate holding companies are Old Mutual Life Assurance Company (Malawi) Limited and Old Mutual (Malawi) Limited. The ultimate holding Company is Old Mutual Limited, which is incorporated in South Africa and listed on Johannesburg Stock Exchange. The Company's principal interest in and the amounts due by or (to) other group companies as disclosed in the note below, other companies consist of fellow subsidiaries and holding Company. Transactions with holding Company and group companies are as follows:

Related Party end	Nature of related Party	Type of transaction	Value of transactions		Balance at year	
			2023 K'000	2022 K'000	2023 K'000	2022 K'000
Old Mutual Life Assurance Company	Holding company	Direct operating expenses	(386 065)	(940 386)	(664 703)	(278 638)
		Rental and service charges	(202 239)	145 286	-	-
		Capital expenditure items	-	(3 225)	-	-
		Repayments	-	800 000		
Old Mutual Investment Group Company	Fellow Subsidiary	Management fees	(572 541)	(171 234)	(2 795 438)	(362 327)
		VAT on fees	(94 469)	(28 254)	-	-
		Shared operating expenses	(1 976 585)	(620 486)	-	-
Total				<u>3 460 141</u>	<u>640 965</u>	
				2023 K'000	Company 2022 K'000	
Management fees charged to subsidiaries				<u>1 333 946</u>	<u>769 061</u>	

Compensation of key management personnel

The Company has entered into an agreement with Old Mutual Investment Group Ltd (OMIG) where OMIG manages the business both from an operations and investment management perspectives. Accordingly, there are no employees in MPICO hence no staff compensation carried in the Company's books. Neither were any staff loans advanced by the Company to employees during the year (2022: Nil). At 31 December 2023 the total loans balance outstanding from employees of K79 million (2022: K93 million) relates to legacy loans which are still being recovered through OMIG.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

13. Borrowings

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Balance at 1 January	3 601 410	4 038 505	-	-
Interest charges during the year	653 889	553 783	-	-
Interest paid during the year	(552 020)	(553 783)	-	-
Principal repayments during the year	(616 938)	(437 095)	-	-
Balance at 31 December	<u>3 086 341</u>	<u>3 601 410</u>	<u>-</u>	<u>-</u>
Amounts due after 1 year	2 321 260	-	-	-
Amounts due within 1 year	<u>765 081</u>	<u>3 601 410</u>	<u>-</u>	<u>-</u>
Total borrowings	<u>3 086 341</u>	<u>3 601 410</u>	<u>-</u>	<u>-</u>

MPICO Malls Limited (the subsidiary Company of MPICO plc) initially borrowed K4.6 billion from Standard Bank plc in the year 2018. The is subject to interest charges at 1.1% above the publicly quoted reference lending rate per annum and as at year end the actual interest rate was 24.7% (2022: 18.4%). The loan balances of K3.3 billion as at 30 September 2023 has been extended for a further period of 5 years to 30 September 2028. The loan is secured by investment property, The Gateway, which is included in investment properties as detailed in note 6 to the financial statements and as at 31 December 2023 was valued at K38.7 billion (2022: K34.8 billion).

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Property expenses payable	471 414	321 473	197 878	200 898
Prepaid rentals	577 473	630 896	228 315	325 845
Other payables	-	107 984	-	41 058
Accruals	<u>340 015</u>	<u>426 339</u>	<u>222 737</u>	<u>215 236</u>
Total payables	<u>1 388 902</u>	<u>1 486 692</u>	<u>648 930</u>	<u>783 037</u>

14. Payables

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Property expenses payables relate to unpaid but booked invoices for property maintenance and other directly attributable property management costs. No interest is chargeable on these payables and there is no specific allowed credit period from the date of the invoice, but the Group's financial risk management policies include ensuring that invoices are paid within 30 days.

Prepaid rentals relate to deposits that tenants make at initial occupation of the property and these act as security against damages and are repaid when the tenant evacuates. Included in prepaid rentals are also deferred rental income for future period when the tenants make quarterly prepayments.

Accruals are in respect of various expenses incurred but whose invoices had not yet been received or received but not booked as at year-end and contracts with various jobs which were not yet concluded as at year end.

The directors consider that the carrying amount of payables approximates to their fair value.

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
15. Cash and cash equivalents as stated in the statement of financial position				
Funds at call and on deposit	-	100 000	-	-
Bank balances and cash	326 710	279 654	8 544	75 324
Total funds on deposit and in banks	326 710	379 654	8 544	75 324
Bank overdraft	(1 318 971)	-	(1 318 971)	-
Total cash and cash equivalents	(992 261)	379 654	(1 310 427)	75 324

The Company has an overdraft facility of K900 million (2022: K900 million) with FDH Bank plc and K500 million (2022: K500 million) with National Bank of Malawi plc. The FDH Bank plc facility is secured on Development House and accrues interest at the rate of 5.6% above the floating bank reference rate. The National Bank of Malawi plc facility is secured on Tikwere House and accrues interest at the rate of 4.6% above the floating bank reference lending rate. Both Development House and Tikwere House are included in investment properties as detailed in note 6 to the financial statements.

These bank overdraft facilities are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

The deposit accounts are maintained with National Bank of Malawi Plc and FDH Bank plc and attract interest at an average 7.5% (2022: 7.5%) per annum.

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
16. Other income				
Management fees	-	-	1 333 946	769 061
Other income	<u>452 582</u>	<u>148 158</u>	<u>155 994</u>	<u>146 152</u>
Total other income	<u><u>452 582</u></u>	<u><u>148 158</u></u>	<u><u>1 489 940</u></u>	<u><u>915 213</u></u>

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
17. Property and administration expenses				
Net property expenses	1 672 915	1 742 154	707 600	719 592
Service costs and administration costs	3 231 952	2 303 385	3 162 861	2 237 681
Other costs	<u>475 276</u>	<u>537 718</u>	<u>372 824</u>	<u>325 893</u>
Total	<u><u>5 380 143</u></u>	<u><u>4 583 257</u></u>	<u><u>4 243 285</u></u>	<u><u>3 286 166</u></u>

Other costs include audit fees, depreciation charges, listing costs, transfer secretaries' expenses and legal and professional fees.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
18. Profit before taxation				
Profit before taxation is arrived at after charging:				
Auditors' remuneration	109 938	88 660	47 527	38 328
Depreciation of plant and equipment	108 112	138 174	52 991	76 537
Loss on disposal of non-current assets	(833)	282	(833)	282
Directors' remuneration	234 014	167 293	93 102	63 969
Pension costs	-	80 770	-	80 770
Direct operating cost	<u>1 528 369</u>	<u>1 125 944</u>	<u>1 528 369</u>	<u>1 125 944</u>
19. Taxation				
Income tax	540 581	665 742	-	100 064
Deferred tax	3 330 795	30 441	242 576	513 168
Dividend tax	-	171 600	-	171 600
Total taxation charge	<u>3 871 376</u>	<u>867 783</u>	<u>242 576</u>	<u>784 832</u>

Group

	Rate	2023 K'000	Rate	2022 K'000
Reconciliation of effective tax rates to standard rates				
Profit before tax income		10 938 140		9 005 259
Income tax based on profits	30%	3 281 442	30%	2 701 578
Non-deductible expense	0.5%	57 539	1.7%	154 452
Indexation of investment property	4.9%	532 395	22.1%	(1 988 247)
Effective tax rate	<u>35.4%</u>	<u>3 871 476</u>	<u>9.6%</u>	<u>867 783</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Company

	Rate	2023 K'000	Rate	2022 K'000
Reconciliation of effective tax rates to standard rates				
Profit before tax income		3 297 847		4 253 170
Income tax based on profits	30.0%	989 354	30.0%	1 275 951
Non-deductible expense	1.0%	48 207	1.7%	82 265
Indexation of investment property	(24.0%)	(794 985)	(13.5%)	(573 384)
Effective tax rate	<u>7.0%</u>	<u>242 576</u>	<u>18.5%</u>	<u>784 832</u>
		Group		Company
		2023		2022
		K'000		K'000
Taxation recoverable		<u>3 062 911</u>	<u>1 370 413</u>	<u>2 861 541</u>
		<u>1 370 413</u>	<u>2 861 541</u>	<u>1 282 086</u>

As required by the Taxation Act, every person who makes payment specified in the Fourteenth Schedule to any person shall, before making such payment withhold tax in accordance with the rates specified in that Schedule. Accordingly, receipts from Government and private tenants were received net of withholding tax, hence the taxation recoverable.

20. Increase in fair value of investment properties

During the year, a fair value adjustment to investment properties has been credited and the associated tax has been charged to the statement of comprehensive income. The net of tax balance has been transferred to a non-distributable reserve. This is analysed as follows:

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Fair value adjustment credited to statement of comprehensive income	8 932 122	6 690 900	3 014 582	2 428 500
Related deferred tax	(3 311 100)	(20 694)	(218 834)	(560 409)
Non-controlling interests	(1 099 241)	(2 033 579)	-	-
Amount transferred to non-distributable Reserves	<u>4 521 781</u>	<u>4 636 627</u>	<u>2 795 748</u>	<u>1 868 091</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

21. Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share for the parent are as follows:

	2023 K'000	2022 K'000
Distributable profit	947 032	1 089 817
Non-distributable profit	<u>4 521 781</u>	<u>4 636 627</u>
Profit for the year attributable to equity holders of the parent	<u>5 468 813</u>	<u>726 444</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>2 298 047</u>	<u>2 298 047</u>
Basic earnings per share	2.38	2.49
Distributable (K)	0.41	0.47
Non-distributable	<u>1.97</u>	<u>2.02</u>

22. Dividends declared

A final dividend of K503 million in respect of 2022 profits was declared and paid on 26 July 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
23. Reconciliation of profit before taxation to net				
cash inflow from operating activities				
Profit before taxation	10 938 139	9 005 259	3 297 847	4 253 170
Increase in fair value of investment properties	(8 932 121)	(6 690 900)	(3 014 582)	(2 428 500)
Interest receivable	(1 097 564)	(900 847)	(353 979)	(284 096)
Dividends receivable	-	-	(400 000)	(1 716 000)
Interest payable	880 472	720 909	226 584	167 126
Depreciation	108 113	138 174	52 991	76 537
Expected credit losses	166 055	-	80 826	-
Operating cash flows before movements in working capital	2 063 094	2 272 595	(110 314)	(68 237)
Changes in trade and other receivables	1 978 903	(1 979 133)	582 819	(768 106)
Changes in promissory notes receivables	(5 095 690)	3 068 982	(1 369 825)	760 250
Changes in trade and other payables	(97 790)	235 106	2 675 644	187 670
Loss on disposal of non-current assets	833	(282)	833	(282)
Movement on intercompany balances	<u>2 819 176</u>	<u>505 939</u>	<u>(1 208 887)</u>	<u>997 166</u>
Cash generated by operating activities	<u>1 668 526</u>	<u>4 103 207</u>	<u>570 270</u>	<u>1 244 935</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

24. Financial risk management

Categorization of financial instruments

The analysis below sets out the Group's classification of financial assets and liabilities and their fair values including accrued interest.

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Financial assets held at amortised cost				
Trade and other receivables	6 396 539	9 536 366	2 659 384	3 158 753
Amounts due from related parties	-	-	1 488 463	279 576
Promissory notes receivable	5 095 690	-	1 369 825	-
Funds at call and on deposit	-	100 000	-	-
Bank balance and cash	326 710	279 654	8 544	75 324
Total financial assets	<u>11 818 939</u>	<u>9 916 020</u>	<u>5 526 216</u>	<u>3 513 653</u>
Financial liabilities held at amortised cost				
Borrowings	3 086 341	3 601 410	-	-
Trade and other payables	1 388 902	1 486 692	648 928	783 037
Amounts due to related parties	3 460 141	640 965	3 460 141	650 390
Bank overdraft	1 318 971	-	1 318 971	-
Total financial liabilities	<u>9 254 355</u>	<u>5 729 067</u>	<u>5 428 040</u>	<u>1 433 427</u>

The Group has exposure to the following risks arising from its transactions in financial instruments:

- Capital risk
- Interest rate risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for identification, measurement, monitoring and controlling risk, and the Group's management of capital. Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Below is an analysis of how the Group manages the risk associated with the following relevant financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

(a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of mainly equity comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The Board reviews the capital situation on an annual basis and based on each review, the Group will balance its overall capital structure through the payment of dividends and raising finance through borrowings or repaying any existing borrowings.

Gearing ratio

The gearing ratio at the year end was as follows:-

	2023 K'000	Group 2022 K'000	2023 K'000	Company 2022 K'000
Borrowings	3 086 341	3 601 410	-	783 037
Trade and other payables	1 388 902	1 486 692	648 928	650 390
Amounts due to related parties	3 460 141	640 965	3 460 141	-
Bank overdraft	1 318 971	-	1 318 971	-
Net debt	<u>9 254 355</u>	<u>5 729 067</u>	<u>5 428 040</u>	<u>1 433 427</u>
Equity	<u>82 164 040</u>	<u>75 600 358</u>	<u>39 034 771</u>	<u>36 482 580</u>
Net debt to equity ratio	11.3%	7.58%	13.91%	3.93%

(b) Interest rate risk management

The Group is exposed to interest rate risk as it has significant borrowings. All borrowings are at commercial rates based on the bank base lending rate. The Group also charges interest on overdue rentals from government at 4% above base lending rate. Changes to the base lending rate would have a significant impact on the results for the year.

As at year-end, MPICO Malls Limited (the subsidiary Company of MPICO plc) had an outstanding loan of K3.086 billion with Standard Bank plc. The loan is subject to interest charges at 1.1% above the publicly quoted reference lending rate per annum and as at year end the actual interest rate was 23.7%. An increase by 5% from the current reference rate of

23.7% per annum would result in actual interest rate of 28.7% hence additional interest charge of K100 million. Conversely, a decrease of by 5% would result in savings in interest charges of the same amount.

(c) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and ensuring that tenants pay rentals in advance, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit worthiness of its tenants is continuously monitored. Excluding Government rentals, receivables are from a large number of tenants, spread across diverse sectors and geographical areas.

Apart from the exposure to Government, the Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk exposure is managed by proactively engaging Government on amounts due from it and agreeing on a settlement plan for the outstanding balance. The credit risk on liquid funds is limited because the counterparties are financial institutions in a highly regulated industry.

The carrying amount of receivables (note 10) and cash and cash equivalents (note 15) recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk.

(d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's and Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted contractual maturities and cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

GROUP

	Carrying amount K'000	Gross/ Nominal inflow/ outflow K'000	1-3 months K'000	3-12 months K'000	Over 12 months K'000
2023					
Assets					
Cash and cash balances	326 710	326 710	326 710	-	-
Promissory notes	5 095 690	5 095 690	2 986 511	2 109 179	-
Trade and other receivables	6 396 539	6 396 539	3 903 179	2 493 360	-
Total	<u>11 818 939</u>	<u>11 818 939</u>	<u>7 216 400</u>	<u>4 602 539</u>	<u>-</u>
Liabilities					
Trade and other payables	1 388 902	1 388 902	949 137	-	439 765
Amounts due to related parties	3 460 141	3 460 141	960 141	2 500 000	-
Borrowings	3 086 341	3 086 341	267 672	497 409	2 321 260
Bank overdraft	1 318 971	1 318 971	1 318 971	-	-
Total	<u>9 254 355</u>	<u>9 254 355</u>	<u>3 495 921</u>	<u>2 997 409</u>	<u>2 761 025</u>

	Carrying amount K'000	Gross/ Nominal inflow/ outflow K'000	1-3 months K'000	3-12 months K'000	Over 12 months K'000
2022					
Assets					
Cash and bank balances	379 654	379 654	379 654	-	-
Trade and other receivables	9 536 366	9 536 366	8 346 784	1 589 582	-
Total	<u>9 916 020</u>	<u>9 916 020</u>	<u>8 726 438</u>	<u>1 589 582</u>	<u>-</u>
Liabilities					
Trade and other payables	1 486 692	1 486 692	1 486 692	-	-
Amounts due to related parties	640 965	640 965	640 965	-	-
Borrowings	3 601 410	3 601 410	142 665	3 458 745	-
Total	<u>5 729 067</u>	<u>5 729 076</u>	<u>2 270 322</u>	<u>3 458 745</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

COMPANY

	Carrying amount K'000	Gross/ Nominal inflow/ outflow K'000	1-3 months K'000	3-12 months K'000	Over 12 months K'000
2023					
Cash and banks balances	8 544	8 544	8 544	-	-
Intercompany receivables	1 488 463	1 488 463	1 488 463	-	-
Trade and other receivables	2 659 384	2 659 384	2 333 149	326 235	-
Promissory notes receivable	1 369 825	1 369 825	877 455	492 370	-
Total	5 526 216	5 256 216	4 707 611	818 605	-
Liabilities					
Trade and other payables	648 928	648 928	481 761	-	167 167
Amounts due to related parties	3 460 141	3 460 141	960 141	2 500 000	-
Bank overdraft	1 318 971	1 318 971	1 318 971	-	-
Total	5 428 040	5 428 040	2 760 873	2 500 000	167 167

	Carrying amount K'000	Gross/ Nominal inflow/ outflow K'000	1-3 months K'000	3-12 months K'000	Over 12 months K'000
2022					
Cash and banks balances	75 324	75 324	75 324	-	-
Intercompany receivables	279 576	279 576	279 576	-	-
Trade and other receivables	3 158 753	3 158 753	3 158 753	-	-
Total	3 513 653	3 513 653	3 513 653	-	-
Liabilities					
Trade and other payables	783 037	783 037	783 037	-	-
Amounts due to related parties	650 390	650 390	650 390	-	-
Total	1 433 427	1 433 427	1 433 427	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

25. Operating lease arrangements

The Group as lessor

Leasing arrangements

Operating leases relate to the investment property owned by the Group with lease terms of between 1 and 10 years, with an option to extend the lease term. All operating lease contracts contain market based rental review clauses in the event that the lessee exercises its option to renew. Additionally, the rentals are renegotiated on an annual basis based on prevailing market conditions. The lessees do not have options to purchase the property at the expiry of the lease period.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounts to K6 883 million (2022: K6 841 million).

26 Fair value measurements

IFRS 13 Fair Value Measurement establishes a single source of guidance for fair value measurement and disclosure and this applies to both financial and non-financial instruments items which either IFRS require or permit fair value measurements except for share based payments that are within the scope of IFRS 2 Share-Based Payment, leasing transactions that are within the scope of IFRS 16 Leases and other measurements that have similarities to fair value but are not fair value such as Net Realisable Value (NRV) for measuring of inventories and value in use for impairment assessment purposes.

This note provides information about how the entity determines fair values of various financial assets and financial liabilities.

26.1 Valuation techniques and assumptions applied for the purposes of measuring fair value

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values

The fair values of financial assets and financial liabilities are determined as follows:

The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

26.2 Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

26.3 Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

GROUP**Fair value hierarchy as at 31 December 2023**

	Level 1 K'000	Leve 2 K'000	Total K'000
Financial assets			
Trade and other receivables	-	7 202 564	7 202 564
Promissory notes receivables	-	5 095 690	5 095 690
Cash and bank balances	326 710	-	326 710
	<u>326 710</u>	<u>-</u>	<u>326 710</u>
Total financial assets	<u>326 719</u>	<u>12 298 254</u>	<u>12 624 964</u>
Financial liabilities			
Financial liabilities held at Amortised cost:			
Trade and other payables	-	1 048 887	1 048 887
Amounts due to related parties	-	3 460 141	3 460 141
Borrowings	-	3 086 341	3 086 341
Overdraft	1 318 971	-	1 318 971
	<u>1 318 971</u>	<u>-</u>	<u>1 318 971</u>
Total financial liabilities	<u>1 318 971</u>	<u>7 595 369</u>	<u>8 914 340</u>

Fair value hierarchy as at 31 December 2022

	Level 1 K'000	Leve 2 K'000	Total K'000
Financial assets			
Trade and other receivables	-	9 536 366	9 536 366
Cash and bank balances	379 654	-	379 654
	<u>379 654</u>	<u>-</u>	<u>379 654</u>
Total financial assets	<u>379 654</u>	<u>9 536 366</u>	<u>9 916 020</u>
Financial liabilities			
Financial liabilities held at Amortised cost:			
Trade and other payables	-	1 486 692	1 486 692
Amounts due to related parties	-	640 965	640 965
Borrowings	-	3 601 410	3 601 410
	<u>-</u>	<u>5 729 067</u>	<u>5 729 067</u>
Total financial liabilities	<u>-</u>	<u>5 729 067</u>	<u>5 729 067</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

COMPANY

Fair value hierarchy as at 31 December 2023

	Level 1 K'000	Level 2 K'000	Total K'000
Financial assets			
Trade and other receivables	-	2 330 028	2 330 028
Amounts due from related parties	-	1 369 825	1 369 825
Cash and bank balances	8 544	-	8 544
	<u>8 544</u>	<u>-</u>	<u>8 544</u>
Total financial assets	<u>8 544</u>	<u>3 699 853</u>	<u>3 669 853</u>
Financial liabilities			
Financial liabilities held at Amortised cost:			
Trade and other payables	-	426 193	426 193
Amounts due to related parties	-	3 460 141	3 460 141
Bank overdraft	1 318 971	-	1 318 971
	<u>1 318 971</u>	<u>-</u>	<u>1 318 971</u>
Total financial liabilities	<u>1 318 971</u>	<u>3 886 334</u>	<u>5 205 305</u>

Fair value hierarchy as at 31 December 2022

	Level 1 K'000	Level 2 K'000	Total K'000
Financial assets			
Trade and other receivables		3 157 753	3 158 753
Amounts due from related parties	-	279 576	279 576
Cash and bank balances	75 324	-	75 324
	<u>75 324</u>	<u>-</u>	<u>75 324</u>
Total financial assets	<u>75 324</u>	<u>3 438 329</u>	<u>3 513 653</u>
Financial liabilities			
Financial liabilities held at Amortised cost:			
Trade and other payables	-	783 037	783 037
Amounts due to related parties	-	650 390	650 390
	<u>-</u>	<u>650 390</u>	<u>650 390</u>
Total financial liabilities	<u>-</u>	<u>1 433 427</u>	<u>1 433 427</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

27. Contingent liabilities

The Group is currently contesting various civil cases filed by various plaintiffs. Based on Group's legal representatives, there are no contingent liabilities and provisions in respect of these claims.

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
28. Capital commitments				
Authorised	<u>7 379 95</u>	<u>3 389 750</u>	<u>3 345 599</u>	<u>2 064 000</u>

Capital expenditure commitments are financed from internal resources, existing facilities as well as external sources.

29. Economic factors

Economic factors relevant to the Company's performance are set out below.

	2023	2022
Year-end exchange rate K/US\$	1 700	1 028.48
Inflation rate	<u>34.5%</u>	<u>25.4%</u>

As at the date of approval the above rates had moved as follows:

Exchange rate (K/US\$)	1 700
Inflation rate (February 2024)	<u>33.5%</u>

30. Holding Company

The intermediate holding companies are Old Mutual Life Assurance Company (Malawi) Limited and Old Mutual Malawi. The ultimate holding Company is Old Mutual Limited, which is incorporated in South Africa and listed on Johannesburg Stock Exchange.

31. Going Concern

In accordance with their responsibilities, the directors considered the appropriateness of the going concern basis for the preparation of the financial statements. The Company recorded a profit after taxation for the year ended 31 December 2023 of K3.1 billion (2022: K3.5 billion) and,

as at that date, it had current liabilities of K5.4 billion (2022: K1.4 billion) against current assets of K 8.6 billion (2022: K4.8 billion). The Company as at 31 December 2023 was in net current liabilities position of K3.2 billion (2022: K3.4 billion). The directors determined that the Company is a going concern and thus the financial statements should be prepared on a going concern basis.

32. Events after the reporting period

There were no significant events after the reporting period.

33. Comparative figures

Certain prior year figures were regrouped and reclassified where necessary to conform to the current year presentation.

34. Environmental, Social and Governance

Responsible Business is at the heart of our purpose to champion mutually positive futures every day. Caring deeply for our customers, communities, and employees is in our DNA and is what sets us apart.

This report shares our impact and material topics guided by our strategy and vision of being a leading provider of property solutions in Malawi creating shareholder and customer value whilst being an employer of 1st choice.

We are guided by our Responsible Business policy which is informed by understanding the expectations society has of our business, an awareness of growing environmental and social crises, governed by regulations and driven by the business imperative, and a desire to be a purposeful organisation. The responsible business policy drives MPICO to be a purpose-led organisation that pursues commercial success in a sustainable way.

The company's sustainability initiatives align to contribute to the attainment of Malawi long term vision, The Malawi 2063 which aspires to become a sustainably wealth and self-reliant nation. Ultimately, our initiatives feed to the attainment of the United Nation's Sustainable Development Goals (SDG's) by 2030.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Impacts and material topics

a. Risks and risk mitigation

In quest to efficiently implement its sustainability initiatives, the business identified the following risks

- Risk of reliability of raw materials and sustainability of supply chains. (Issues including scarcity of raw materials and increased costs); and
- Technological risks (Issues including transitioning to LED light fittings posed risks related to reliability and performance.

b. Risks mitigation measures.

- Managing community and stakeholder expectations by communicating transparently;
- Development of sponsorships MOUs with flexibility clauses to accommodate unforeseen circumstances;
- Annual review of sponsorships to ensure alignment with the company values; and
- Proactive stakeholder engagements as a way of managing expectations.

c. Environmental impact and climate change

- To ensure environmental Sustainability, the business continues to specify environmentally friendly and sustainable materials in all its virgin construction and refurbishment projects;
- To reduce energy usage and consumption the business completed migration from use of high energy consuming fluorescent light fittings in its buildings to LED light fittings. The projected reduction in energy consumption from lighting is close to 50%

d. Communities and stakeholder engagements

Our long-term success is closely linked to being part of flourishing and sustainable local communities. In 2023, MPICO implemented various initiatives including.

- Sponsorship of the Gateway Netball Challenge worth MK24 million;
- Sponsorship of MK1 million to the Lilongwe City Summit; and
- Pro-active stakeholder engagements in alignment with the company's annual stakeholder engagement plans

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Impacts

- Youth empowerment, development of netball as a sporting discipline and unearthing and exposure of netball talent; and
- The sponsorship to the city summit demonstrated MPICO's commitment to contribute to the development of Lilongwe City apart from meeting the expectations of the City Council as a strategic partner.

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- Property Leasing
- Facilities Management

THE COMPANIES ACT

ARTICLES OF ASSOCIATION

OF

MPICO PLC

1. **Interpretation**

- 1.1. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act.
- 1.2. In these Articles –
- 1.2.1. "the Act" means the Companies Act 2013 as amended from time to time;
- 1.2.2. "the Articles" means these Articles of Association;
- 1.2.3. "bankruptcy" includes individual insolvency proceedings;
- 1.2.4. "call notice" has the meaning given in Article 13;
- 1.2.5. "Certificate" means a paper certificate (other than a share warrant) evidencing a person's title to specified shares or other securities;
- 1.2.6. "certified" in relation to a share, means that it is not an uncertified share or a share in respect of which a share warrant has been issued and is current;
- 1.2.7. "the Company" means MPICO PLC;
- 1.2.8. "Director" means a Director of the Company, and includes any person occupying the position of Director, by whatever name called;
- 1.2.9. "document" includes, unless otherwise specified, any document sent or supplied in electronic form;
- 1.2.10. "fully paid" in relation to a share, means that the normal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

- 1.2.11. "the Group" means the Company and its subsidiaries;
- 1.2.12. "holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares;
- 1.2.13. "Independent Non-Executive Director" means a person that either:
- i. is nominated by the other Directors or executive management of the Company; and
 - ii. is not a significant shareholder of the Company, either directly or indirectly; and
 - iii. is not related or affiliated to a shareholder that has the ability to control or influence management: or
 - iv. has not been employed by the Company or its subsidiary in any executive capacity for the preceding three financial years: and
 - v. is not a member of the immediate family of an individual who is or has been in any of the preceding three financial years employed by the Company or the Group in an executive capacity: and
 - vi. is not a professional advisor to the Company or the Group other than in a Director capacity: or
 - vii. is not a significant customer or supplier of the Company; and
 - viii. has no significant contractual relationships with the Company; and
 - ix. is free from any business or other relationship which could be seen to materially interfere with individual's capacity to act in an independent manner.
- 1.2.14. "instrument" means a document in hard copy form;
- 1.2.15. "Management" shall mean the Management Company appointed for the time being;
- 1.2.16. "ordinary resolution" has the meaning given in section 2 of the Act;
- 1.2.17. "paid" means paid or credited as paid;
- 1.2.18. "participate", in relation to a Directors' meeting, has the meaning given in Article 24;
- 1.2.19. "partly paid" in relation to a share means that part of that share's nominal value or any premium at which it was issued has not been paid to the Company;
- 1.2.20. "Register" means the register of Members;
- 1.2.21. "Registered Office" means the registered office of the Company;

- 1.2.22. "the Seal" means the common seal of the Company;
- 1.2.23. "Secretary" means any person appointed to perform the duties of the Secretary of the Company;
- 1.2.24. "Shareholder" means a person who is the holder of a share;
- 1.2.25. "Shares" means shares in the Company;
- 1.2.26. "Special Resolution" has the meaning given in section 2 of the Act;
- 1.2.27. "subsidiary" has the meaning given in section 2 of the Act;
- 1.2.28. "Transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and
- 1.2.29. "uncertificated" in relation to a share means permitting title to shares to be evidenced and transferred without a certificate, and
- 1.2.30. "writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.
- 1.3 Words expressed in any gender shall where the context so requires or permits include any other gender.
- 1.4 Words expressed in the singular shall where the context so requires or permits include the plural and vice versa.
- 1.5 Expressions referring to writing shall be construed as including references to printing, lithography, photography and other means of representing or reproducing words in visible form.
- 1.6 A person includes a reference to a body corporate, association or partnership and includes a reference to that person's legal representatives and successors.
- 1.7 Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these Articles become binding on the Company.

1.8 The index and headings are inserted in these Articles for convenience of reference only and shall not affect the construction of these Articles.

2. Table B Not Applicable

The Model Articles in Table B of the Companies (Shareholder's Code of Conduct Order 2016 shall not apply to the Company except so far as the same are repeated or contained in these Articles.

3. Limited Liability

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

4. Share Capital

The present share capital of the Company is K150,000,000 (ONE HUNDRED AND FIFTY MILLION KWACHA divided into 3,000,000,000 (THREE BILLION) ordinary shares of K0.05 (FIVE TAMBALA) each.

5. Alteration of Share Capital

5.1 Power to Increase

The Company may from time to time by ordinary resolution increase the share capital by additional shares of such sum, to be divided into shares of such amount and of such class as the resolution shall prescribe.

5.2 Increase to be Offered to Existing Members

New shares shall be offered in the first instant, either at par or at a premium, to all existing holders of that class of shares, in proportion as nearly as is possible to the amount of the capital or the number of shares of such class held by them respectively, unless the Company shall by ordinary resolution before the issue of any new shares make any provisions as to the issue and allotment of the new shares. Where the Company by ordinary resolution specifically authorises the Directors to dispose of the new shares as the Directors, in their discretion may think fit, such shares shall be disposed of within twelve (12) months of such resolution.

5.3 New Shares to Rank with Original Capital

Except so far as otherwise provided by the conditions of issue or by these Articles, the creation of new shares shall be considered part of the original capital, and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, surrender and otherwise. Unless otherwise provided in accordance with these Articles the new shares shall be ordinary shares.

5.4 Consolidation and Subdivision

The Company may by special resolution:-

- 5.4.1 consolidate and divide all or any of its shares or share capital into shares of larger amount than its existing shares;
- 5.4.2 sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the memorandum of association;
- 5.4.3 cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

5.5 Reduction of Share Capital

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required by law, provided that no share capital of the Company may be repaid on the footing that it may be called up again.

5.6 Conversion

The Company may by special resolution:

- i. Allow for the conversion of securities into stock; and
- ii. Allow for the conversion of securities into no par value.

6. Modification of Share Classes and Rights

- 6.1 If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourths of

the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall, *mutatis mutandis*, apply but subject to the following provisions:-

- 6.1.1 where a class has only one member, that member shall constitute a meeting;
- 6.1.2 at any meeting of a class of members other than an adjourned meeting, the necessary quorum shall be one member present in person or by proxy; and
- 6.1.3 at any meeting of a class of members, one member of the class present in person or by proxy may demand a poll;
- 6.2 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking in *pari passu* therewith.

7. Issue of Shares

- 7.1 No shares shall be issued without the consent of all the Shareholders.
- 7.2 Without prejudice to any special rights previously conferred on the holders of the existing shares or class of shares, but subject to the Act, shares in the Company may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regards to dividend, voting, return of capital or otherwise as the Directors, subject to any ordinary resolution of the Company, may from time to time determine.
- 7.3 Where any shares are issued with voting rights less favourable than other issued shares, then the designation of those shares shall include the words 'restricted voting' or 'limited voting'. Where any preference shares are issued which do not carry voting rights the words 'non-voting' will appear in the designation of such shares. All equity shares shall have unrestricted right to vote.
- 7.4 Subject to the provisions of section 112 of the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company, before the issue of the share, may by ordinary resolution determine.
- 7.5 **The company shall not under any circumstances issue a share certificate to a shareholder without ensuring that the record of shares has been deleted from the Central Securities Depository (CSD).**

8. Commission

The Company may exercise the power of paying commissions conferred by the Act, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of five percent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to five percent of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully paid shares or partly in one way and partly in the other, provided payment by allotment is authorized by the Company in general meeting. The Company may also on any issue of shares pay such brokerage fees as may be lawful.

9. Company's Lien on Shares

- 9.1 The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of that share, but the Company in general meeting may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all distributions attributable to that share.
- 9.2 The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen (14) days after a notice in writing demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of the death, bankruptcy or liquidation of the registered holder.
- 9.3 To give effect to any such sale as provided in Article 9.2, the Directors may authorize some person to execute an instrument of transfer of the shares sold. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
- 9.4 The net proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the shares at the date of the sale subject to the surrender to the Company for cancellation of the certificate for the shares sold.

10. Share Certificates

- 10.1 Every person whose name is entered as a member in the register of members shall be entitled without payment to receive within **28 days, upon the request of the shareholder**, after allotment of transfer (or within such other shorter period as the conditions of issue shall provide) a certificate for all his shares which shall specify the shares to which it relates. The certificate shall be issued under the Seal affixed with the authority of the Directors by persons authorised by resolution of the Directors and, at the discretion of the Directors, shall be either autographically signed by one Director and the Secretary or transfer secretary, or autographically signed by two Directors.
- 10.2 This Article does not apply to –
- 10.2.1 Uncertificated shares; or
 - 10.2.2 Shares in respect of which a share warrant has been issued; or
 - 10.2.3 Shares in respect of which the Act or any other law permits the Company to issue a certificate.
- 10.3 Except as otherwise specified in these Articles, all certificates shall be issued free of charge.
- 10.4 No certificate may be issued in respect of shares of more than one class.
- 10.5 If more than one person holds a share, only one certificate may be issued in respect of it.

11. Uncertificated Shares

- 11.1 In this Article, the “relevant rules” means –
- 11.1.1 any applicable provision of the Act about the holding, evidencing of title to, or transfer of shares other than in certificated form; and
 - 11.1.2 any applicable legislation, rules or other arrangements made under or by virtue of such provision.
- 11.2 The provisions of this Article have effect subject to the relevant rules.
- 11.3 Any provision of the Articles which is not consistent with the relevant rules shall be disregarded, to the extent that it is inconsistent, whenever the relevant rules apply.

- 11.4 Any share or class of shares of the Company may be issued or held on such terms, or in such a way, that –
- 11.4.1 Title to it or them is not, or shall not be, evidenced by a certificate; or
 - 11.4.2 it or they may or shall be transferred wholly or partly without a certificate.
- 11.5 The Directors have power to take such steps as they think fit in relation to –
- 11.5.1 the evidencing of and transfer of title to uncertificated shares (including in connection with the issue of such shares);
 - 11.5.2 any records relating to the holding uncertificated shares
 - 11.5.3 the conversion of certificated shares into uncertificated shares; or
 - 11.5.4 the conversion of uncertificated shares into certificated shares.
- 11.6 The Company may, by notice to the holder of a share, require the share-
- 11.6.1 if it is uncertificated, to be converted into certificated form; and
 - 11.6.2 if it is certificated, to be converted into uncertificated form, to enable it to be dealt with in accordance with the Articles.
- 11.7 Where –
- 11.7.1 the Articles give the Directors power to take action, or require other persons to take action, in order to sell, transfer or otherwise dispose of shares; and
 - 11.7.2 uncertificated shares are subject to that power, but if the power is expressed in terms which assume the use of a certificate or other written instrument, the Directors may take such action as is necessary or expedient to achieve the same results when exercising that power in relation to uncertificated shares.
- 11.8 In particular, the Directors may take such action as they consider appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.
- 11.9 Unless the Directors otherwise determine, shares which a member holds in uncertificated form shall be treated as separate holdings from any shares which that member holds in certificated form.

11.10 A class of shares shall not be treated as two classes simply because some shares of the class are held in certificated form and others are held in uncertificated form.

12. Trusts

Except as required by law, no person may be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even with notice thereof) any equitable, contingent, future or partial interest in or by law otherwise provided any other rights in respect of any share except an absolute right to the entirety thereof of the registered holder.

13. Calls on Shares

13.1 Subject to any ordinary resolution of the Company and the terms of allotment, the Directors may from time to time make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and by the conditions of allotment thereon made payable at fixed times, and each member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

13.2 Subject to the terms of allotment, the Directors may make arrangements on the issue of shares of different classes for a difference between the holders of the different classes in the amounts and time of payment of calls on their shares, but the Directors may not so differentiate between holders of the same classes.

13.3 A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

13.4 The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

13.5 If a sum in respect of a call is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding the rate if any, stipulated in the Act, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

13.6 The provisions of these Articles as to payment of interest shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time whether on account of the nominal value of the share, or

by way of premium, as if it had become payable by virtue of a call duly made and notified.

- 13.7 Any sum which by terms of issue of a share becomes payable on allotment or at any fixed date, whether on the nominal value of the share or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue of the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- 13.8 The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him, and upon all or any of the monies so advanced may pay interest upon the monies so paid in advance, or upon so much thereof as from time to time remains in advance of the calls then made upon such shares at such rate per annum as may be agreed upon between the Directors and the member paying such sum in advance, subject to any directives of the Company in general meeting but such advance payment shall not entitle the holder of the shares to participate in respect thereof in a dividend subsequently declared.
- 13.9 Whilst any call or other sum shall be due and payable to the Company in respect of any of the shares held by him, whether alone or jointly with any other person, that member shall not be entitled, in respect of those shares, to receive any dividend or to be present or to vote on any question, either personally or by proxy, at any general meeting, or upon a poll, or to be recognised in a quorum.

14. Transfer of Certificated Shares

- 14.1 Certificated shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of –
- 14.1.1 the transferor; and
- 14.1.2 if any of the shares is partly paid, the transferee.
- 14.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 14.3 The Company may retain any instrument of transfer which is registered.
- 14.4 The transferor shall remain the holder of a certificated share until the transferee's name is entered in the register of members as holder of it.

- 14.5 The Directors may refuse to register the transfer of a certificated share if –
- 14.5.1 the share is not fully paid;
 - 14.5.2 the transfer is not lodged at the Company's registered office or such other place as the Directors have appointed;
 - 14.5.3 the transfer document is not duly stamped in accordance with the Act or the Stamp Duties Act where applicable;
 - 14.5.4 the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the Directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;
 - 14.5.5 the transfer is in respect of more than one class of shares; or
 - 14.5.6 the transfer is in favour of more than four transferees.
- 14.6 Where the Directors refuse to register the transfer of a share, the instrument of transfer shall be returned to the transferee within two months after the date it was lodged with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

15. Transfer of Uncertificated Shares

- 15.1 The Directors may take such action as they consider appropriate to achieve the sale and transfer of uncertificated shares to achieve the same result as if the shares were certificated.
- 15.2 A transfer of an uncertificated share may not be registered if it is in favour of more than four transferees.

16. Procedure for Disposing of Fractions of Shares

- 16.1 This Articles applies where –
- 16.1.1 there has been a consolidation or division of shares; and
 - 16.1.2 as a result, members are entitled to fractions of shares.
- 16.2 The fraction of shares will not be issued to the shareholder and will be paid out in cash for the benefit of that shareholder. ~~Directors may~~

- ~~16.2.1 — sell the shares representing the fractions to any person including the Company for the best price reasonably obtainable;~~
- ~~16.2.2 — in the case of a certificated share, authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser; and~~
- ~~16.2.3 — distribute the net proceeds of sale in due proportion among the holders of the shares.~~
- ~~16.3 — Where any holder's entitlement to a portion of the proceeds of sale amounts to less than a minimum figure determined by the Directors, that member's portion may be distributed to an organisation which is a charity for the purposes of any written laws.~~
- ~~16.4 — A person to whom the shares are transferred shall not be obliged to ensure that any purchased money is received by the person entitled to the relevant fractions.~~
- ~~16.5 — The transferee's title to the shares shall not be affected by any irregularity in or invalidity of the process leading to their sale.~~

17. Transmission of Shares

17.1 Transmission

In the case of death of a member, the legal representative of the deceased and survivor or survivors where the deceased was a joint holder and the legal representative of the deceased where he was the sole holder shall be the only persons recognised by the Company as having any title to the shares; but nothing herein contained shall release the estate of a deceased sole holder or deceased joint holder from any liability in respect of any share which had been held by him either as sole holder or joint with other persons.

17.2 No Right to Attend Meetings

A Transmittee shall not have a right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which he is entitled, by reason of the holder's death or bankruptcy or otherwise, unless he becomes the holder of those shares.

17.3 Rights of Election

Any person becoming entitled to a share in consequence of the death, bankruptcy or liquidation of a member may, upon such evidence being produced as may

from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Directors shall in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death, bankruptcy or liquidation, as the case may be.

17.4 Effects of Election

If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall testify his election by executing to that person a transfer of the share. Limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death, bankruptcy or liquidation of the member had not occurred and the notice to transfer were a transfer signed by that member.

17.5 Rights Passed by Transmission

Where a person becomes entitled to a share by reason of death, bankruptcy or liquidation of the registered holder, he shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share and to the same rights and remedies as if he were a member of the Company except that he shall not, before being registered as a member in respect of the share, be entitled to vote at any meeting of the Company.

Provided that the Company may at any time give notice requiring any such personal representative or assignee to elect either to be registered himself or to transfer the share and if the notice is not complied with within twelve (12) months the Company may thereafter suspend payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

17.6 Joint Entitlements

Where two or more persons are jointly entitled to any share in consequence of the death of the registered holder, they shall be deemed to be joint holders of the share.

18. Shareholders' Meetings

18.1 Quorum

No business shall be transacted at any general meeting unless a quorum is

present. Three persons entitled to attend and vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum.

- 18.2 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine and, if it is adjourned to a date which is less than twenty-one days from the date of the original meeting, notice of the adjourned meeting shall be given only by advertisement in at least one national daily newspaper and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members then present or represented by proxy shall be a quorum.
- 18.3 The Chairman, if any, of the Board of Directors (or in his absence some other Director nominated by the Directors) shall preside as chairman at every general meeting of the Company, or if there is no such Chairman, or if neither the Chairman nor such other Director (if any) shall be present within fifteen minutes after the time appointed for the holding of the meeting, or if the Chairman or such other Director (if any) is unwilling to act, the Directors present shall choose one of their number to be chairman of the meeting and, if there is only one Director present and willing to act, he shall be chairman.
- 18.4 If no Director is willing to act as chairman, or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to the chairman of the meeting.
- 18.5 The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting, from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ~~thirty days~~ **more than 14 days or more**, notice of the adjourned meeting shall be ~~given as in the case of an original meeting~~ **at least 7 clear days', excluding the day of the adjourned meeting and the day on which the notice is given.** Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjournment meeting. **When a meeting is adjourned for less than 14 days, then notice of the adjourned meeting shall be given by advertisement.**
- 18.6 Corporations Acting by Representatives at Meetings

Any body corporate or unincorporated association which is a member of the

Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate or unincorporated association which he represents as the body corporate or unincorporated association could exercise if it were an individual member of the Company.

18.7 Place of Meeting

All general meetings shall be held at such time, date and place as the Directors shall determine from time to time. General meetings or other meetings of the Shareholders may take place by telephone or other telecommunication system whereby all participants are able to hear and speak to each other at the same time.

18.8 Annual General Meetings

The Company shall hold a general meeting as its annual general meeting in addition to any other meetings in each year and shall specify the meeting as such in the notices calling it. Not more than fifteen (15) months shall elapse between the date of one annual general meeting and the next, provided that the Company shall after its first meeting hold an annual general meeting within not more than six (6) months after the end of every ensuing financial year. The annual general meeting shall be held at such time and place or virtually as the Directors shall appoint.

18.9 Other Meetings

All general meetings other than annual general meetings shall be called extraordinary general meetings.

18.10 Extraordinary General Meetings

The Directors may, whenever they think fit, convene an extraordinary general meeting. If at any time there are not within Malawi sufficient Directors capable of acting to form a quorum, any two members of the Company having the right to vote may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

18.11 Notice of General Meetings

At least ~~fourteen (14) days'~~ ~~twenty-one (21) days'~~ notice shall be given of any general meeting of the Company. The Notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and

shall specify the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business shall be given in such manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are under the Act or Articles of the Company entitled to receive such notices from the Company. Provided that in the case of a virtual meeting, the place of the meeting need not be specified.

18.12 Shorter Notice

A meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in the Articles, be deemed to have been called if it is so agreed:-

18.12.1 in the case of a meeting called as the annual general meeting, by seventy-five (75) percent of the members entitled to attend and vote thereat or in nominal value of the shares giving that right; and

18.12.2 in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than seventy-five per centum (75%) in nominal value of the shares giving that right.

18.12.2 Notices of general meetings shall be accompanied by any statements required to be circulated therewith on behalf of members in accordance with Sections 253 and 254 of the Act.

18.13 Omissions

The accidental omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at the meeting.

18.14 Special Business

All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the financial statements and the reports of the Directors and auditors, the remuneration of and election of Directors and the appointment of and fixing of the remuneration of the auditors. Special business will only be transacted by special resolution if required by the Act or these Articles.

18.14.1 Where a notice of a special resolution is required, the resolution shall not be effective unless notice of the intention to move it has been given to the company at least 28 days before the meeting at which it is moved. Where the 28 days' notice

is not practicable, the company shall give its members at least 14 days' notice.

18.15 Shareholders' Declaration of Interest

A Shareholder who is in any way, whether directly or indirectly, interested in any transaction with the Company must declare the nature and extent of its interest to the other Shareholders of the Company before it is entitled to vote on a Shareholder resolution relating to the matter.

19. Decision Making by Shareholders

19.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, in person or through technology, during the meeting, any information or opinions which that person has on the business of the meeting.

19.2 A person is able to exercise the right to vote at a general meeting when -

19.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and

19.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

19.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at the meeting either in person or through technology.

19.4 In determining attendance at a general meeting it is immaterial whether any two or more members attending meeting are at the same place.

19.5 Two or more persons who are not at the same place attend a general meeting if their circumstances are such that if they have, or were to have, rights to speak and vote at that meeting, they are, or would be able, to exercise them through technology or other means.

19.6 Directors may attend and speak at general meetings, whether or not they are shareholders.

19.7 The Chairman of the meeting may permit other persons who are not -

19.7.1 Shareholders of the Company; or

- 19.7.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings, to attend and speak at a general meeting.
- 19.8 A resolution put to the vote of a general meeting shall be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.
- 19.9 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid. Any such objection shall be referred to the chairman of the meeting, whose decision shall be final.
- 19.10 A poll on a resolution may be demanded -
- 19.10.1 in advance of the general meeting where it shall be put to the vote; or
- 19.10.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 19.11 A poll may be demanded by -
- 19.11.1 the Chairman of the meeting;
- 19.11.2 the Directors;
- 19.11.3 two or more persons having the right to vote on the resolution; or
- 19.11.4 a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.
- 19.12 A demand for a poll may be withdrawn if-
- 19.12.1 the poll has not yet been taken; and
- 19.12.2 the chairman of the meeting consents to the withdrawal.
- 19.13 A poll on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

- 19.14 Subject to any rights or restrictions for the time being attached to any classes of shares, on a show of hands every member present in person or represented by proxy shall have one (1) vote, and on a poll every member shall have one (1) vote for each share of which he is, or is proxy for the registered holder.
- 19.15 On a poll, votes may be given either personally or by proxy. A member having more than one (1) share carrying voting rights may appoint separate proxies to represent respectively such number of shares held by him as may be specified by him in their instrument of appointment.
- 19.16 In the case of joint holder, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which their names stand in the register of members.
- 19.17 No member having the right to vote shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
- 19.18 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote allowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.
- 19.19 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which a poll is conducted shall be entitled to a second or casting vote.
- 19.20 The instrument appointing a proxy shall be in writing under the hand of the appointer or of his agent duly authorized in writing, or, if the appointer is a body corporate, either under seal, or under the hand of an officer duly authorized. A proxy need not be a member of the Company.
- 19.21 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- 19.22 An instrument appointing a proxy shall in the following form or a form as near thereto as circumstances admit:

Form of Proxy

MPICO PLC

I/We of (address), being a member/members of the above-named Company, hereby appoint

of or failing him of as my/our proxy to vote for me/us on my/our behalf at the (annual or extraordinary, as the case may be) general meeting of the Company, to be held on the day of20..... and at any adjournment thereof.

This is to be used:-

In favour of
*..... Resolution No.....
against

In favour of
*..... Resolution No.....
against

In favour of
*..... Resolution No.....
against

Unless otherwise instructed, the proxy will vote as he thinks fit.

Date :..... Signed :

*Strike out whichever is not desired

19.23 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office or at such other place within Malawi as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time for holding the meeting or not less than twelve (12) hours before the time for holding a meeting previously adjourned for less than seven (7) days at which the person named in the instrument proposes to vote.

19.24 A vote given in accordance with the terms of an instrument or proxy, shall be valid notwithstanding the previous death, bankruptcy, liquidation or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the same in respect of which the proxy is given, provided that no intimation in writing of such death, bankruptcy, liquidation, revocation or transfer aforesaid shall have been received by the Company at its office before the commencement of the meeting or adjournment meeting at which the proxy is used.

- 19.25 Proxy notices may specify how the proxy appointed under them shall vote or that the proxy is to abstain from voting on one or more resolutions.
- 19.26 Unless a proxy notice indicates otherwise, it shall be treated as -
- 19.26.1 giving the person appointed under it as a proxy discretion on how to vote on any ancillary or procedural resolutions put to the meeting; and
- 19.26.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.
- 19.27 A member who is entitled to attend, speak or vote either on a show of hands or on a poll at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person, provided that both the member and the proxy may not be entitled to speak and vote at the same meeting.
- 19.28 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- 19.29 A notice revoking a proxy appointment shall only take effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 19.30 If a proxy notice is not executed by the person appointing the proxy, it shall be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.
- 19.31 Subject to the provisions of the Act, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or being bodies corporate or unincorporated associations, by their duly authorized representatives) shall be as valid and effective as if it had been passed at a general meeting of the Company duly convened and held.

20. Directors

- 20.1 The Board shall consist of not less than 6 (six) and not more than 10 (ten) members. For every 10 (ten) percent of Ordinary Shareholding held in the issued share capital of the Company by a Shareholder, that Shareholder shall be entitled to appoint one Director.
- 20.2 If any Shareholder's holding of the Company's Ordinary Shares falls below 10 (ten) percent of the total issued Ordinary Share Capital of the Company, that Shareholder shall not be entitled to appoint any Director. In each case, the relevant appointor shall be obliged to remove any Directors so appointed. All

Shareholders hereby agree to use their respective rights as Directors to procure such removal.

- 20.3 If any Shareholder shall remove the Director and/or alternate from time to time appointed by such Shareholder pursuant to Clause 20.2, it shall be responsible for and shall indemnify the other Shareholder and the Company against any claim by such Director and/or alternate for unfair or wrongful dismissal arising out of such removal.
- 20.4 The directors shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but the total number of directors shall not at any time exceed the number fixed in accordance with these articles. Any director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at such meeting.
- 20.5 Any notice of appointment and/or removal of a Director shall be in writing and shall become effective on lodgement thereof at the registered office of the Company.
- 20.6 If a vacancy in any Directorship should occur for any reason other than by reason of clauses 20.1 and 20.2 (above), the Shareholder who appointed the Director whose position has fallen vacant shall appoint his replacement.
- 20.7 The Chairperson shall be appointed by the Shareholder with the largest shareholding, who for the time being is Old Mutual (Malawi) Limited. Accordingly, the Shareholders agree that Old Mutual (Malawi) Limited will appoint the Chairperson of the Board. The power to appoint extends to and includes the power to replace or remove.
- 20.8 The control and ultimate management of the Company shall lie with the Board and the day-to-day running and management of the Company shall be delegated to the Management Company or any other person or body corporate as appointed from time to time by the Board. The Management Company or any other person or body corporate in charge of the Company shall be accountable to the Board of Directors of the Company and shall implement such policies and act within such parameters as the Board shall decide from time to time. The Management Company or other person or body corporate in charge of the Company shall report to the Board on a regular basis and in reasonable detail on the operations of the Company and shall produce or procure that quarterly management accounts and reports are produced and circulated to all members of the Board in good time. All Directors shall be

entitled to receive, and have reasonable access to, all information regarding the affairs of the Company.

- 20.9 A Director who is in any way, whether directly or indirectly, interested in any transaction with the Company must declare the nature and extent of his interest to the other Directors of the Company before he is entitled to vote on a Board Resolution in relation to such matter.
- 20.10 In the event that any Director is disqualified to participate in the adoption of a board resolution due to a conflict of interest, the number of Directors necessary to fulfil the majority requirement for the adoption of such a resolution shall be reduced by the number of disqualified Directors.

21. Alternate Directors

- 21.1 Each Director may appoint an alternate in accordance with the Articles of Association and such alternate shall be, in the absence of the Director who appointed him, treated for the purposes of these Articles as if he were that, Director. If an alternate is also a Director in his own right, he shall be entitled at any meeting of the Board to cast both his own vote and the vote of his appointer, should the appointer not be present at such meeting.
- 21.2 An Alternate Director shall not attend a meeting of the Board of Directors if the Director who appointed him is also present at that meeting.
- 21.3 All Directors and alternate Directors shall give to the Company notice in writing of an address for service of notices of Board Meetings and Board papers and shall be entitled to make full disclosure to the Shareholder or Director appointing them of any information relating to the Company of which they shall become aware in the course of their appointment.
- 21.4 The Company shall not be liable to pay additional remuneration by reason of the appointment of an alternate Director.
- 21.5 The appointment of an alternate Director shall cease at the expiration of the period, if any, for which he was appointed, or if his appointor gives written notice to that effect to the Company, or (where applicable) if his appointor ceases for any reason to be a Director or if the alternate resigns by notice in writing to the Company.
- 21.6 Until cessation of the appointment of an alternate Director both the substantive and alternate shall be and may act as Directors of the Company, but no alternate, unless a Director in his own right, shall attend or vote at any meeting of the Directors or any committee of Directors at which his substantive Director is present.

22. Powers and Duties of Directors

22.1 Company to Comply with the Principles of Corporate Governance

The Directors shall ensure that the Company shall be managed with integrity and in accordance with generally acceptable corporate practices. The Directors shall establish mechanisms and policies appropriate to the Company's business in keeping with its commitment to comply with best practices in corporate governance.

22.2 Borrowing Powers

The Directors may from time to time at their discretion raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company, save that the Directors shall procure that the aggregate amount for the time being remaining undischarged of moneys borrowed by the Company and its subsidiaries (exclusive of inter-Company borrowing and apart from temporary loans obtained from the Company's bankers) shall not exceed the amount authorised by the Company in general meeting by ordinary resolution.

22.3 Power of Attorney

The Directors may from time to time and at any time by power of attorney appoint any Company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the agent or agents of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they think fit. Any such power of attorney may contain such provision for the protection and convenience of persons dealing with any such agents as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorisations and discretions vested in him.

23. Committees of the Board

23.1 The Directors may appoint such committees, as may be required from time to time, consisting of Directors and non-Directors as the Directors may think fit, in accordance with their commitment to best practices in corporate governance.

23.2 The Directors may prepare Terms of Reference and make rules of procedure for all or any committees.

23.3 Subject to the Terms of Reference, a committee may elect a chairman of its committee, but if no such chairman is elected, or at any meeting the chairman is not present within fifteen (15) minutes after the time appointed for holding the

same, the members may choose one of their number to be the chairman at the meeting. The chairman of any such committee shall not have a second or a casting vote.

- 23.4 Any committee formed in terms of Article 23.1 shall, in the exercise of the powers so delegated, conform to Terms of Reference or any regulations that may from time to time be imposed on it by the Directors.

24. Meetings of the Board of Directors

- 24.1 At least 14 (fourteen) days' notice shall be given to each Director of each meeting of the Board which notice shall contain reasonable particulars of the matters to be discussed at the meeting. Minutes of all meetings of the Board shall be circulated to each Director within 10 (ten) working days following such meeting. Notice may be waived by the unanimous consent of the Directors in writing.
- 24.2 Meetings of the Board shall take place at such places as may be agreed by the majority of the members of the Board but in any event (unless otherwise agreed by the majority of the Board) not less than 4 (four) times a year. Meetings of the Board may take place by telephone or other telecommunication system whereby all participants are able to hear and speak to each other at the same time. A decision to hold any Board meeting by telephone or such other telecommunication system shall be agreed to by the majority of the Board members prior to the meeting being held.
- 24.3 The language used in Board Meetings shall be English. All decisions by the Board shall be recorded in English in the minutes. The Board shall appoint a secretary to the Board who shall keep Minutes of Board meetings. In the Minutes shall be recorded, among other things, the persons present, the matters discussed, the decisions made.
- 24.4 The quorum necessary to constitute a meeting of the Board shall be 3 (three) Directors. The Directors or their alternates shall be present in person or by telephone or other telecommunication system.
- 24.5 If within 30 (thirty) minutes of the time fixed for a Board meeting a quorum is not present the Board Meeting shall, unless otherwise agreed, stand adjourned to a date to be agreed in consultation with all parties and if, at such adjourned meeting a quorum is not formed within **30 (thirty)** minutes from the time appointed for the meeting, then the Directors present shall form a quorum. The Company Secretary shall be obliged to give all Directors notice of adjournments under this clause.
- 24.6 Resolutions of the Board of Directors of the Company in order to be of force

and effect must be approved by the majority of the Directors present at a meeting in person or by telephone or other telecommunication system.

- 24.7 Subject to the provisions of the Act, a resolution in writing signed by all the Directors of the Company shall be as valid and effective as if it had been passed at a Board Meeting of the Company duly convened and held and passed on the date which the resolution was signed by the last Director to sign.
- 24.8 Directors participate in a Directors' meeting, or part of a Directors' meeting, when -
- 24.8.1 the meeting has been called and takes place in accordance with these Articles; and
- 24.8.2 the Directors can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 24.9 In determining whether Directors are participating in a Directors' meeting, the location of a particular Director and the mode which the Directors communicate to each other is irrelevant.
- 24.10 If all the Directors participating in a meeting are not at the same place, they may decide that the meeting shall be treated as taking place wherever any of them is.
- 24.11 If a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting, or part of the meeting, for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any Director other than the chairman shall be final and conclusive.
- 24.12 If any question as to the right to participate in the meeting, or part of the meeting, arises in respect of the chairman, the question shall be decided by a decision of the Directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting, or that part of the meeting, for voting or quorum purposes.
- 24.13 The Directors shall ensure that the Company keeps a record, in writing, for at least ten years from the date of recording the decision, of every unanimous or majority decision taken by the Directors.
- 24.14 The Directors may make any rule which they think fit about how they make decisions, and about how such rules are to be recorded or communicated to Directors.

24.15 All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

25. Directors and Contracts

25.1 A Director who is in any way, whether directly or indirectly, interested in any contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors, in accordance with section 182 of the Act.

25.2 Subject to the other provisions of these Articles, a Director shall not vote in respect of any contract or arrangement in which he is interested, and if he shall do so his vote shall not be counted, nor shall he be computed in the quorum present at the meeting, but neither of these prohibitions shall apply to:-

25.2.1 any arrangement for giving any Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

25.2.2 any contract by a Director to subscribe for or underwrite shares or debentures of the Company; or

25.2.3 any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by deposit of a security.

And these prohibitions may at any time be suspended or relaxed to any extent either generally or in respect of any particular contract, arrangement or transaction, by the Company in general meeting.

25.3 For the purposes of Articles 25.1 and 25.2, an alternate Director shall be deemed to be interested in any contract or arrangement in which the Director for whom he is an alternate is so interested, whether directly or indirectly.

25.4 A Director may not be counted in the quorum present at any meeting whereat he or any other Director is to be appointed to hold any such office or place in the Company or whereat the terms of such appointment are to be arranged, and he may not vote on any such appointment or the arrangement or the terms thereof.

25.5 If at any meeting of the Directors or committee of Directors, the appointment or

the terms thereof or the remuneration of a Director in his capacity as an employee of the Company or in his capacity as a Director and/or an employee of a subsidiary Company shall be considered, such Director shall not be counted in the quorum present and shall not be entitled to vote in respect of any such business so considered.

- 25.6 Any Director may act by himself or on behalf of his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.

26. Signing of Cheques

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be, in such manner as the Directors shall from time to time by resolution determine.

27. Directors' Indemnity

- 27.1 Subject to Article 27.2, a relevant Director of the Company or an associated Company may be indemnified out of the Company's assets against -
- 27.1.1 any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated Company;
- 27.1.2 any liability incurred by that Director in connection with the activities of the Company or an associated Company in its capacity as a trustee of an occupational pension scheme; or
- 27.1.3 any other liability incurred by that Director as an officer of the Company or an associated Company.
- 27.2 This Article does not authorize any indemnity which would be prohibited or rendered void by any provision of the Act or by any other written law.
- 27.3 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director in respect of any relevant loss.
- 27.4 In this Article -
- 27.4.1 a "relevant Director" means any Director or former Director of the Company or an associated Company;

27.4.2 a “relevant loss” means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director’s duties or powers in relation to the Company, any associated Company or any pension fund or employees’ share scheme of the Company or associated Company, and

27.4.3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

28. Directors’ Fees

28.1 The fees of the Directors shall be determined by the Company in general meeting. Such fees shall be deemed to accrue from day to day. The Directors may also be paid all travelling hotel and other expense properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

28.2 The Company shall pay to the Directors fees and sitting allowances as may from time to time be approved by the Company in general meeting and shall reimburse the Directors for reasonable expenses incurred in the performance of their duties.

28.3 The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at –

28.3.1 meetings of Directors or committees of Directors; or

28.3.2 general meetings; or

28.3.3 separate meetings of the holders of any class of shares or of debentures of the Company, or otherwise in connection with the exercise of their power and the discharge of their responsibilities in relation to the Company.

29. Loans to Directors Prohibited

The Company shall not give loans to Directors, directly or indirectly, or to a Company in which a Director holds one third (1/3) or more of the share capital.

30. Rotation of Directors

30.1 The provisions of this Article are subject to the provisions of Article 20.

- 30.2 At the annual general meeting of the Company in every year, one third (1/3) of the Directors, or, if their number is not a multiple of three (3), then the number nearest to one third (1/3), shall retire from office.
- 30.3 The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who become Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by the alphabetical order of their surnames.
- 30.4 A retiring Director shall be eligible for re-election.
- 30.5 No person other than the Director retiring at the meeting shall (unless recommended by the Directors) be eligible for election to the office of Director at any general meeting unless not less than three (3) and not more than seven (7) days before the date of appointment for the meeting there shall have been left or received by fax or email at the Registered Office of the Company a notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also a notice in writing signed by that person of his willingness to serve in that capacity if elected.
- 30.6 At a general meeting a motion for the appointment of two (2) or more persons as Directors of the Company by a single resolution shall not be made, unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being against it.
- 30.7 The Company, at the meeting at which a Director retires in the manner aforesaid, may fill the vacated office by electing a person thereto, and in default, the retiring Director shall, if offering himself for re-election, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost.

31. Disqualification of Directors

- 31.1 The office of Director shall be vacated if the Director:-
- 31.1.1 ceases to be a Director by virtue of section 170 of the Act;
 - 31.1.2 becomes bankrupt or makes any arrangement or composition with his creditors generally, or assigns his estate;
 - 31.1.3 becomes of unsound mind;

- 31.1.4 resigns from his office by notice in writing to the Company;
- 31.1.5 has attained the age of seventy (70) years;
- 31.1.6 has been removed as Director by the shareholder who appointed him in terms of Article 20;
- 31.1.7 has been convicted of an offence involving dishonesty or fraud (including, but not limited to, forgery, perjury, money laundering or any similar offence).
- 31.1.8 is disqualified or suspended from practising any profession on the grounds of professional misconduct;
- 31.1.9 shall have been absent for more than three (3) consecutive meetings of the Directors without permission or without reasonable explanation.

33. Company Secretary

- 33.1 The Company Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit; and any Company Secretary so appointed may be removed by them.
- 33.2 A provision of the Act or these Articles requiring or authorising a thing to be done by or to a Director and by or to the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and, or in place of, the Company Secretary.

34. Common Seal

- 34.1 The Directors shall provide for the safe custody of the Seal which shall only be used by the authority of the Directors or of a committee of Directors authorised by the Directors in that behalf, and every instrument to which the seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Directors for the purpose.
- 34.2 For the purposes of this Article, an authorized person shall be -
 - 34.2.1 any Director of the Company;
 - 34.2.2 the Company Secretary; or
 - 34.2.3 any person authorized by the Directors for the purpose of signing documents to which the common seal is applied.

35. Accounts

- 35.1 The Company shall require that at all times the Company maintains accurate up to date and complete records of accounts and other financial records in accordance with the laws of the Republic of Malawi.
- 35.2 The Company shall adhere to International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) unless otherwise required by the local regulatory authority.
- 35.3 The books of accounts and other books and documents of the Company shall be kept at the registered office of the Company.
- 35.4 Such customary information as any Shareholder or Director may reasonably require concerning the management accounts, commercial success of the Company or the ability of the Company to fulfil its business objectives shall be prepared and submitted by the Company to the Shareholder or Director not later than Twenty-One (21) days after a request is made.
- 35.5 The Accounting period of the Company shall be a twelve-month period commencing from the First day of January of each year and ending on the Thirty-first day of December of the same year or such other accounting period as the Company may from time to time designate as the accounting year of the Company.
- 35.6 Management shall prepare and submit to the Board of Directors for approval a budget estimate for the ensuing year or part thereof within the last quarter of each year.
- 35.7 The Company shall prepare and submit to the Board of Directors at the end of each quarter a quarterly summary of its operations and its financial statements in a form satisfactory to the Board of Directors.
- 35.8 Management and its Auditors shall prepare annually and present to the Board of Directors by the 31st day of March of the following year the accounts audited by approved public accountants.
- 35.9 The Directors shall present to the Shareholders at each Annual General Meeting the accounts audited by approved public accountants. A copy of every the financial statements (inclusive of every document required by the Act to be annexed thereto) and the Directors' annual report which is laid before the Company at each annual general meeting, together with a copy of the auditor's report shall be sent not less than twenty-one (21) days before the date of the

meeting to every Shareholder of the Company, provided that this Article shall not require a copy of such document to be sent to any person of whose address the Company is not aware of.

- 35.10 All financial information submitted to the Shareholders and Directors shall be expressed in Malawi Kwacha (MK).

36. Auditors

- 36.1 The Auditors of the Company shall be elected and appointed pursuant to a decision of the Shareholders' meeting in accordance with the Articles of Association.
- 36.2 In addition to all statements and reports required by law, the Auditors shall prepare annual reports for the Shareholders on the financial position of the Company. These reports shall be submitted to the Company Secretary who shall include them in the notice of the Annual General Meeting.
- 36.3 Furthermore, the Auditors shall prepare and submit to any Shareholder, at the expense of that Shareholder, any reports as the Shareholder shall reasonably request.

37. Dividend Policy

- 37.1 The Shareholders shall use their respective voting rights in the Company and take such steps as may lie within their respective powers to ensure that the Board shall adopt a Dividend Policy aimed at ensuring the financial viability of the Company.
- 37.2 Unless otherwise unanimously agreed in writing by each of the Shareholders, the Shareholders shall procure that the Company will declare, make and pay to the Shareholders (subject to cash being available in the Company's Cashflow for such dividend payment) not later than sixty (60) days after the holding of the Company's Annual General Meeting approving the audited accounts for that financial year, in respect of their respective holdings of Shares, a cash dividend in respect of each financial year to be determined by the Directors depending on the profits realised by the Company and the need to retain some funds for further investments.
- 37.3 No Dividend shall be paid out for a year when the Company has incurred a loss, provided that dividends for such year accruing to Preference Shares shall be paid in a subsequent year in which the Company has realised a profit.

38. Dividends and Reserves

38.1 Declaration of Dividends

The final dividends may only be declared by the Company in general meeting on the recommendation of the Directors, but no dividend shall exceed the amount recommended by the Directors.

38.2 Directors' Power to Declare Interim Dividends

The Directors may from time to time declare and pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. If an interim dividend is paid prior to the publication of the annual accounts, the dividend notice to members will contain a statement of the ascertained or estimated combined net trading profit of the Company or Group for the year, and any abnormal receipts or payments, detailed appropriation of those profits and also particulars of any amounts appropriated from reserves, capital profits, accumulated profits of the past years or other special source, to provide wholly or partly for the dividend.

38.3 Payment of Dividends

38.3.1 No dividend shall be paid otherwise than out of profits and in accordance with the provisions of the Act.

38.3.2 Any dividend or interim dividend shall be expressed to be payable to persons registered at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is the later, as the holders of the shares in respect of which the dividend is declared, notwithstanding that such persons may not be so registered on the date of the declaration.

38.4 Reserve Fund

The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such applications may, at their discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit. The Directors may also, without placing the same to reserve, carry forward any profits which they may think prudent not to distribute.

38.5 Authority to Capitalise and Appropriation of Capitalised Sums

38.5.1 The Directors may, if so authorised by an Ordinary Resolution –

- (a) decide to capitalise any profits of the Company whether or not they are available for distribution, which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
- (b) – appropriate any sum which they so decide to capitalise (a "Capitalised Sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "Persons Entitled") and in the same proportions.

38.5.2 The sums capitalised under Articles 38.5.1 shall be applied

- (a) on behalf of the Persons Entitled; and
- (b) in the same proportions as a dividend would have been distributed to them

38.5.3 Any Capitalised Sum may be applied in paying up new shares of a nominal amount equal to the Capitalised Sum which are then allotted credited as fully paid to the Persons Entitled or as they may direct.

38.5.4 A Capitalised Sum which was appropriated from profits available for distribution may be applied –

- a. in or towards paying up any amounts unpaid on existing shares held by the Persons Entitled; or
- b. in paying up new debentures of the Company which are then allotted credited as fully paid to the Persons Entitled or as they may direct.

38.5.5 Subject to these Articles, the Directors may-

- (a) Apply Capitalised Sums in accordance with Articles 35.5.3 and 35.5.4 partly in one way and partly in another;
- (b) Make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Article including the issuing of fractional certificates or the making of cash payments; and
- (c) Authorize any person to enter into an agreement with the Company on behalf of all the Persons Entitled which is binding on them in respect of the allotment of shares and debentures to them under this Articles.

38.6 Right to Dividend and Apportionment

Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this Article as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

38.7 Deduction of Debts Due to the Company

The Directors may deduct from any dividend or bonus payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares (other than fully paid shares) of the Company.

38.8 Distribution of Assets or Shares

38.8.1 Any general meeting declaring a dividend or bonus may direct the payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures, or debenture stock in the Company or of any other Company or in any one or more of such ways, and the Directors shall give effect to such resolution; where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue and fix the value for fractional certificates and may determine that cash payments shall be made to any members upon the footing of the values so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

38.8.2 For the purposes of paying non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution -

- (a) fixing the value of any assets;
- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
- (c) vesting any assets in trustees.

38.9 Calculation of Dividends

38.9.1 Except s otherwise provided by these Articles or the rights attached to shares, all dividends shall be-

- a) declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
- b) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

38.9.2 If any share is issued on terms providing that it ranks for dividend as from a particular date that share ranks for dividend accordingly.

38.9.3 For the purposes of calculating dividends, no account shall be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

38.10 Payment of Dividends

Where a dividend or other sum is payable in respect of a share, it shall be paid by one or more of the following means –

- 38.10.1 transfer to a bank or building society account specified by the Shareholder either in writing or as the Directors may otherwise decide;
- 38.10.2 sending a cheque made payable to the Distribution Recipient by post to the Distribution Recipient at the Distribution Recipient's registered address, if the Distribution Recipient is a holder of the share, or in any other case, to an address specified by the Distribution Recipient either in writing or as the Directors may otherwise decide;
- 38.10.3 sending a cheque made payable to such person by post to such person at such address as the Distribution Recipient has specified either in writing or as the Directors may otherwise decide; or
- 38.10.4 any other means of payment as the Directors agree with the Distribution Recipient either in writing or by such other means as the Directors decide.

38.11 Dividends Payable to Joint Holders

Any one of two or more joint holders may give effectual receipt of any dividend, bonuses or other monies payable in respect of the shares held by them as joint

holders.

38.12 Interest

No dividend shall bear interest against the Company.

38.13. Unclaimed Distributions

38.13.1 All dividends or other sums which are-

- (a) payable in respect of share; and
- (b) unclaimed after having been declared or become payable, may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

38.13.2 The payment of any such dividend or other sum into a separate account shall not make the Company a trustee in respect of it.

38.13.3 ~~Dividends which remain unclaimed for a period of 6 years shall be credited to the consolidated fund in line with provisions of Part VI of the Public Finance Management Act sections 44-51.~~

~~If-~~

~~(a) Twelve years have passed from the date on which a dividend or other sum became due for payment; and~~

~~(b) The distribution recipient has not claimed it,~~

~~the Distribution Recipient shall no longer be entitled to that dividend or other sum, and it shall cease to remain owing by the Company.~~

38.14. Non-Cash Distributions

38.14.1 Subject to the terms of issue of the share in question, the Company may, by Ordinary Resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value including, without limitation, shares or other securities in any Company.

38.14.2 If the shares in respect of which such a non-cash distribution is paid are Uncertificated, any shares in the Company which are issued as a non-cash distribution in respect of them shall be Uncertificated.

38.14.3 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution-

- (a) Fixing the value of any assets;
- (b) Paying cash to any Distribution Recipient on the basis of that value in order to adjust the rights of recipients; and
- (c) Vesting any assets in trustees

38.15 Waiver of Distributions

Distribution Recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if-

- (a) the share has more than one holder; or
 - (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,
- the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

39. Notices

39.1 A notice may be given by the Company to any member either personally or by sending it by post to him or to his/its registered address on the register of members. Any notice shall be in writing and may be given by sending the same in a prepaid letter by post or recorded personal delivery to the member concerned at the address given on the register of members.

39.2 A notice may be given by the Company to joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.

39.3 All members of the Company (including all joint holders of shares and persons entitled to a share in consequence of death, bankruptcy or receivership of a member) shall register with the Company an address in Malawi for the service of notices.

39.4 A notice may be given by the Company to the persons entitled to a share in consequence of death, bankruptcy or receivership of a member by sending it

through the post in a letter addressed to them by name or by the title of the representative of the deceased, trustee of the insolvent, receiver of a corporate member or assignee of a member, or by any like description, at the address if any, supplied for the purpose by the persons claiming to be so entitled or (until such address has been supplied) by giving the notice in any manner in which the same might have been given if the death, bankruptcy or receivership had not occurred.

39.5 Notice of every general meeting shall be given in any manner authorised by these Articles to:-

39.5.1 every member of the Company;

39.5.2 every person whom the ownership of a share devolves by reason of his being the legal representative, trustee in bankruptcy, receiver of a corporate member, or assignee of a member having the right to vote where the member, but for his death, bankruptcy or receivership, would be entitled to receive notice of the meeting;

39.5.3 every Director of the Company;

39.5.4 the Secretary;

39.5.5 the Auditor for the time being of the Company.

39.5.6 The secretary of the Malawi Stock Exchange at the same time when it is given to members.

39.6 No other person shall be entitled to receive notice of general meetings.

39.7 All members of the Company (including all joint holders of shares and persons entitled to a share in consequence of death, bankruptcy or receivership of a member) shall register with the Company an address in Malawi or outside Malawi for service of notices.

40. Untraced Members

40.1 The Company shall be entitled to sell any share of a member or any share to which a person is entitled by transmission or bankruptcy if and provided that:

40.1.1 For a period of twelve years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the member, or to the person entitled by transmission or bankruptcy, at his address on the register or other the last known address given by the member, or the person so

entitled by transmission or bankruptcy, to which cheques, dividends and warrants are to be sent, has been cashed and no communication has been received by the Company from the member, or the person so entitled by transmission or bankruptcy, and during such period at least three dividends in respect of the shares in question have been paid by the Company;

40.1.2 The Company has at the expiration of the said period of twelve years by advertisement in a national daily newspaper given of its intention to sell such shares;

40.1.3 The Company has not during the further period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the member or person entitled by transmission; and

40.1.4 The Company has first given notice in writing to the Malawi Stock Exchange or its successor of its intention to sell such shares.

40.2 To give effect to any such sale as provided in Article 40.1, the Company may appoint any person to execute as transferor an instrument of transfer of such shares and such instrument of transfer shall be as effective as if it had been executed by the registered holder of or person entitled by transmission or bankruptcy to such shares. The Company shall account to the member or other person entitled to such shares for the net proceeds of such share by carrying all monies in respect thereof to a separate account which shall be a permanent debt of the Company, and the Company shall be deemed to be a debtor and not a trustee in respect thereof for such member or other person. Monies carried to such separate account may either be employed in the business of the Company or invested in such investments (other than shares of the Company) as the Directors may from time to time think fit. No interest shall be payable in respect of the net proceeds and the Company shall not be required to account for any money earned on the same.

41. Winding Up

If the Company is wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required in terms of the Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purposes set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in

trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall think fit.

42. Declaration of Secrecy

Every Director, agent, auditor, secretary, manager and every officer or other person employed in the business of the Company shall before entering upon his duties subscribe to such a declaration as the Directors may from time to time prescribe, engaging themselves to observe a strict secrecy with respect to any matters which come to their respective knowledge in the performance of their duties or exercise of their functions, except only so far as it is necessary for the performance or exercise of their duties