

Malawi Property Investment Company Limited

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

Review of the year

The board is pleased to announce the results for the year ended 31 December 2007 which reflect an overall improvement over the 2006 results both for the group and the company. Total profit before tax for the group and the company rose to MK1.7 billion and MK1.1 billion from MK1.2 billion and MK0.5 billion respectively representing an increase of 42% (group) and 220% (company).

The share capital increased from MK3.8 million to MK57.5 million because of capital restructuring that took place before the listing. Total equity for the group increased from MK3.5 billion to MK4.1 billion mainly because of the revaluation of investment properties

Future Prospects

The favourable micro-economic environment has lead to increased economic activity which has resulted in an increase in demand for office space. Consequently our occupancy rate has increased from 98% to 99% as at Dec 2007 and we are confident that this level of occupancy will be sustained in the near future. After a period of consolidation a number of development projects are presently under consideration by your board.

Dividend

An interim dividend of MK0.612 million was paid before the listing of the company on 26 September 2007. The board has recommended a final dividend for 2007 of K150 million representing 13 tambala per share.

A resolution to approve the final dividend will be tabled at the forth coming Annual General Meeting of the company.

DYERESS MAWINDO **GRAY NTHINDA**
CHAIRMAN **MANAGING DIRECTOR**

Auditor's Report to the members of Malawi Property Investment Company Limited and its subsidiaries

We have audited the financial statements and the consolidated financial statements of Malawi Property Investment Company Limited for the year ended 31 December 2007, from which the summarized financial statements were derived in accordance with International Standards on Auditing. In our report dated 28 March 2008,

	GROUP		COMPANY	
	31-Dec-07 K000	31-Dec-06 K000	31-Dec-07 K000	31-Dec-06 K000
<u>INCOME STATEMENTS</u>				
Rent receivable	633,123	550,698	300,353	269,319
Increase in fair value of investment properties	1,324,804	715,201	702,958	352,079
Other income	71,216	307,239	468,119	168,705
Total income	2,029,143	1,573,138	1,471,430	790,103
Total expenditure	(369,658)	(358,253)	(329,095)	(257,140)
Profit before taxation	1,659,485	1,214,885	1,142,335	532,963
Taxation	(464,962)	(331,979)	(265,019)	(111,427)
Profit after taxation	1,194,523	882,906	877,316	421,536
Distributable reserves	267,160	324,863	385,246	175,081
Non-distributable reserves	755,235	444,103	492,070	246,455
Amount attributable to members of the company	1,022,395	768,966	877,316	421,536
Amount attributable to minority interest	172,128	113,940	-	-
	1,194,523	882,906	877,316	421,536
Basic earnings per share (MK)				
- Distributable	0.23	0.28		
- Non-distributable	0.66	0.39		
No of shares used for calculation	1,149,023,730	1,149,023,730		
BALANCE SHEETS				
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Ordinary share capital	57,451	3,795	57,451	3,795
Distributable reserves	660,078	898,405	441,358	561,599
Non-distributable reserves	2,871,178	2,201,939	1,722,535	1,316,471
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	3,588,707	3,104,139	2,221,344	1,881,865
Minority interest	533,925	394,397	-	-
TOTAL EQUITY	4,122,632	3,498,536	2,221,344	1,881,865
Non-current liabilities	1,397,855	1,011,292	704,980	518,360
Current liabilities	132,825	566,210	106,016	198,806
TOTAL LIABILITIES	1,530,680	1,577,502	810,996	717,166
TOTAL EQUITY AND LIABILITIES	5,653,312	5,076,038	3,032,340	2,599,031
ASSETS				

we expressed an unqualified opinion on the financial statements from which the summarized financial statements were derived.

In our opinion the accompanying summarized financial statements are consistent, in all material respect, with the financial statements from which they were derived

For better understanding of the group's and company's financial position and the results of their operations for the period and the scope of our audit, the summarized financial statements should be read in conjunction with the financial statements from which the summarized financial statements were derived and our audit report thereon.

Deloitte
Public Accountants
Lilongwe, Malawi

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NON-CURRENT ASSETS				
Investment properties	5,208,336	3,868,849	2,656,234	1,963,356
Other assets	139,476	31,939	153,997	101,533
Total long term assets	5,347,812	3,900,788	2,810,231	2,064,889
CURRENT ASSETS:-				
Receivables	221,259	1,121,197	190,548	508,845
Funds at call and on deposit	80,218	39,122	28,078	11,962
Cash and bank balances	4,023	14,931	3,483	13,335
Total current assets	305,500	1,175,250	222,109	534,142
Total assets	5,653,312	5,076,038	3,032,340	2,599,031
STATEMENT OF CHANGES IN EQUITY				
At the beginning of the year	3,498,536	2,673,737	1,881,866	1,493,551
Prior year adjustment	-	(33,222)	(10)	(33,222)
As restated	3,498,536	2,640,515	1,881,856	1,460,329
Related deferred tax on disposal	12,785	-	12,785	-
Distributable profit for the year	281,921	382,265	385,246	175,082
Non-distributable profit for the year	912,602	500,641	492,070	246,455
Dividend declared	(583,212)	(24,885)	(550,612)	-
	4,122,632	3,498,536	2,221,345	1,881,866
CASHFLOW STATEMENTS				
Cash flows from operating activities				
Net cash inflow	1,037,267	13,037	453,067	71,410
Return on investment and servicing of finance				
Dividends received	-	-	127,037	22,477
Interest received	121,137	198,592	60,210	67,890
Interest paid	(3,536)	(3,228)	(96)	(2,980)
Dividends paid to outside shareholders	(47,963)	(9,523)	-	-
Dividends paid to shareholders, including tax	(550,612)	(35,000)	(550,612)	(35,000)
Net cash flow from returns on investment and servicing of finance	(480,975)	150,841	363,461	52,387
Taxation paid	(401,724)	(38,565)	(106,227)	(32,571)
Net cashflow from /(used in) operating activities	154,569	125,313	(16,621)	91,226
Purchase of property, plant and equipment and				

additions to investment properties	(79,332)	(12,032)	(52,456)	(7,582)
Proceeds on disposal of property, plant and equipment and investment properties	26,096	87	26,096	87
Movement in Nyumba Yanu receivable	(8,151)	(109,294)	-	-
Capital work in progress	(53,532)	-	-	-
Staff long-term loans movement	(18,883)	(1,374)	(18,883)	(1,374)
Net cash used in investing activities	(133,802)	(122,613)	(45,243)	(8,869)
Net cash flow before financing	20,767	2,700	(61,864)	82,357
Cash flow from financing activities				
Intercompany loan	-	-	59,571	(94,430)
NET CASH FLOW FOR THE YEAR	20,767	2,700	(2,293)	(12,073)
Cash and cash equivalents at the beginning of the year	53,781	51,081	25,297	37,370
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	74,548	53,781	23,004	25,297



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