



INVESTMENT GROUP

OLD MUTUAL INVESTMENT GROUP LIMITED

Registration number 11221

SUMMARY AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(In thousands of Malawi Kwacha)

	31-Dec-19	31-Dec-18
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Fee income	2,301,422	1,876,209
Other income	102,204	31,969
Total income	2,403,626	1,908,178
Operating expenses	(1,499,615)	(1,242,528)
Profit from operations before tax	904,011	665,650
Finance income	72,275	47,174
Profit before tax	976,286	712,824
Tax expense	(305,579)	(215,997)
Net profit	670,707	496,827

STATEMENT OF FINANCIAL POSITION

ASSETS		
Non-current assets		
Equipment	127,952	120,449
Intangible assets	502	791
Deferred tax asset	73,065	56,050
Total non-current assets	201,519	177,290
Current assets		
Trade and other receivables	349,147	217,851
Amounts due from group companies	66,384	133,967
Cash and cash equivalents	956,201	623,314
Total current assets	1,371,732	975,132
Total assets	1,573,251	1,152,422
EQUITY AND LIABILITIES		
Share capital	50,000	50,000
Retained earnings	1,274,113	853,406
Total equity	1,324,113	903,406
Current liabilities		
Trade and other payables	164,740	159,637
Income tax payable	84,398	89,379
Total current liabilities	249,138	249,016
Total equity and liabilities	1,573,251	1,152,422

STATEMENT OF CASH FLOWS

Net cash from operating activities	562,030	552,520
Net cash used in investing activities	(20,857)	(17,491)
Net cash used in financing activities	(250,000)	(200,000)
Net increase in cash and cash equivalents	332,887	335,029
Cash and cash equivalents at 1 January	623,314	288,285
Cash and cash equivalents at 31 December	956,201	623,314

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total
At 1 January 2019	50,000	853,406	903,406
Profit for the year	-	670,707	670,707
Dividends paid	-	(250,000)	(250,000)
At 31 December 2019	50,000	1,274,113	1,324,113
At 1 January 2018	50,000	556,758	606,758
IFRS 9 transitional adjustment	-	(179)	(179)
Profit for the year	-	496,827	496,827
Dividends paid	-	(200,000)	(200,000)
At 31 December 2018	50,000	853,406	903,406

BASIS OF PREPARATION

The Directors have prepared the summary audited financial statements to meet the requirements of the Financial Services Act, 2010. The Directors have considered the requirements of the Financial Services Act, 2010 and believe that the summary statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary financial statements. The amounts in the summary financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS). The summary financial statements have been derived from the Annual Financial Statements, which were approved by the board on **12 March 2020**, and are available at the Company's registered office.

REVIEW OF THE YEAR

Despite very challenging financial markets that saw the Malawi Stock Exchange returning only 4.38% in 2019 compared to 34.19% in prior year and very muted money market yields, we continued to deliver competitive investment returns across our portfolio of investments.

The business also made very good progress in ensuring that highly skilled people are stewards of customer investments. In that regard, we are proud that we had four CFA Charter holders as part of our Portfolio Management team by the end of 2019.

As for the financial results, our core investment management income grew by 23% against an expense growth of 21%. As a result, Profit After Tax grew by 35% from that registered in 2018.

OUTLOOK

The earlier positive economic prospects for 2020 have already been dampened by the Covid-19 pandemic, which has negatively impacted economies and financial markets across the world. The IMF revised the 2020 Gross Domestic Product (GDP) growth projection for Malawi from the initial 5.0% to 1% because of the pandemic. The prevailing political situation may magnify the downside risk on economic growth and the resultant investment outcomes.

While it is not possible for now, to fully quantify the extent of the adverse impacts coming from these risks, the Board will continue to monitor the events. The business has taken adequate actions to protect its staff and has implemented appropriate business continuity plans that will allow it to continue to serve and engage all its customers during the pandemic. We are also part of private sector efforts to support our healthcare system by providing necessary select health interventions including medical equipment. We are confident with the measures put in place to ensure minimum adverse impact on the business.

The Board will therefore remain focused on building capabilities for core asset management in order to continue delivering positive investment outcomes for our esteemed clients.

BY ORDER OF THE BOARDEdith Jija
Chairperson
April 2020Mark Mikwamba
Managing Director**INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF OLD MUTUAL INVESTMENT GROUP COMPANY LIMITED****Opinion**

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2019, the summary statement of profit or loss and other comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, are derived from the audited financial statements of Old Mutual Investment Group Limited for the year ended 31 December 2019.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements of Old Mutual Investment Group Limited, and the basis described on the basis of preparation paragraph.

Summary financial statements

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

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 27 March 2020.

Directors' responsibility for the summary financial statements

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

Auditor's responsibility

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

Deloitte.Chartered Accountants
Christopher Kapenda
Partner

April 2020

75 YEARS
OF DOING
GREAT
THINGS