



CONTINENTAL DISCOUNT HOUSE LIMITED

Financial year ended 31 December 2009

Published pursuant to the requirements of Section 19(2) of the Banking Act 1989.

| | <u>Group</u> | | <u>Company</u> | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31-Dec-09 K'000 | 31-Dec-08 K'000 | 31-Dec-09 K'000 | 31-Dec-08 K'000 |
| Statements of comprehensive income For the year ended 31 December 2009 | | | | |
| Profit from operations before taxation | 122,480 | 219,086 | 194,819 | 193,279 |
| Income tax expense | (61,157) | (67,806) | (46,969) | (60,385) |
| Net profit for the year | 61,323 | 151,280 | 147,850 | 132,894 |
| Other comprehensive income | 1,417 | - | - | - |
| Total comprehensive income | 62,740 | 151,280 | 147,850 | 132,894 |
| Profit attributable to shareholders | | | | |
| Equity holders of the company | 67,319 | 151,280 | | |
| Non-controlling interest | (5,996) | - | | |
| | 61,323 | 151,280 | | |
| Comprehensive income attributable to shareholders | | | | |
| Equity holders of the company | 68,546 | 151,280 | | |
| Non-controlling interest | (5,806) | - | | |
| | 62,740 | 151,280 | | |
| Basic and diluted earnings per share (MK) | 0.57 | 1.29 | 1.26 | 1.13 |
| Statements of financial position As at 31 December 2009 | | | | |
| Capital, Reserves and liabilities | | | | |
| Share capital and reserves | 466,423 | 426,379 | 514,791 | 405,941 |
| Call money and repurchase agreements | 7,850,382 | 4,507,981 | 6,440,291 | 4,507,981 |
| Client funds under management | 1,281,929 | 1,269,299 | - | - |
| Other liabilities | 149,037 | 170,068 | 114,345 | 145,875 |
| Total liabilities, capital and reserves | 9,747,771 | 6,373,727 | 7,069,427 | 5,059,797 |
| Assets | | | | |
| Cash and Reserve Bank balances | 867,427 | 393,151 | 326,125 | 376,888 |
| Investments in money market instruments | 8,626,913 | 5,767,935 | 6,413,423 | 4,412,663 |
| Investments in subsidiary companies | - | - | 167,609 | 132,520 |
| Other assets | 151,297 | 156,089 | 118,075 | 89,848 |
| Fixed assets | 102,134 | 56,552 | 44,195 | 47,878 |
| Total assets | 9,747,771 | 6,373,727 | 7,069,427 | 5,059,797 |
| Statements of cashflows for the year ended 31 December 2009 | | | | |
| Cash receipts from customers | 2,935,133 | 2,870,094 | 365,997 | 766,542 |
| Cash paid to suppliers and employees | (2,234,881) | (1,403,481) | (220,405) | (185,743) |
| Net cash inflow from operating activities | 700,252 | 1,466,613 | 145,592 | 580,799 |
| Income tax paid | (131,189) | (49,175) | (112,732) | (47,325) |
| Net cash outflows to investing activities | (55,787) | (931,471) | (44,623) | (45,864) |
| Net cash outflows to financing activities | (39,000) | (135,000) | (39,000) | (135,000) |
| Movement in cash and cash equivalents | 474,276 | 350,967 | (50,763) | 352,610 |
| Cash and cash equivalents at 1 January | 393,151 | 42,184 | 376,888 | 24,278 |
| Cash and cash equivalents at 31 December | 867,427 | 393,151 | 326,125 | 376,888 |

Summary of financial statements for the year ended 31 December 2009

We publish the consolidated statements of comprehensive income, financial position and cash flows of Continental Discount House Limited as at 31 December 2009 together with the independent auditors' report.

Overall performance

We are delighted to report that despite the continuing decline in money market yields and increasing competition on the market, the company has managed to post good results.

For the financial year ended 31 December 2009, the company recorded post tax profits of K147.9 million, representing an increase of 11 percent over the previous year. The increase in profitability resulted in earnings per share rising to K1.26 per share from K1.13 per share. Trading assets for the company closed at K7.8 billion (2008: K9.2 billion) of which K1.4 billion (2008: K4.8 billion) were in outright sales.

The group results have been significantly affected by the underperformance reported by CDH Rwanda SA and CDH Stockbrokers Ltd, who have both faced challenges to consolidate their positions during their first year of operations. However, it is pleasing to note that the performance of both subsidiaries has since started showing signs of improvement.

Business prospects and outlook

The world economic recession appears to be abating which augurs well for the future. The greatest challenge for Malawi remains the shortage of forex which if it remains unchecked will negatively affect investment strategies of key players in our economy.

In the wake of declining interest rates on government securities CDH will intensify its efforts in facilitating the creation of alternative tradable financial instruments on behalf of reputable commercial entities. We are confident that the Malawi economy will continue to grow in line with economic forecasts and with that we expect the performance of the Group to improve further.

We owe our gratitude to our valued clients for their continued support.

Dr. J. Ng'ombe
Director

M. Esau
Managing Director

21 April 2010



Independent auditors' report

We have audited the consolidated financial statements of Continental Discount House Limited and its subsidiaries (the Group) for the year ended 31 December 2009 from which the accompanying summarised financial statements were derived. In our report dated 21 April 2010 we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.

In our opinion, the summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Group's financial position and the results of its operations for the year and the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which they were derived and our full audit report thereon.

KPMG
Certified Public Accountants and Business Advisors
Blantyre, Malawi

21 April 2010