



PRESS CORPORATION LIMITED

EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2013

In millions of Malawi Kwacha

Statements of Comprehensive Income

	GROUP		COMPANY	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Continuing operations				
Revenue	113,717	74,544	6,846	3,515
Operating profit	26,961	16,986	4,155	2,819
Net interest (paid)/Received	(2,183)	(1,048)	(53)	(87)
Exchange losses	(4,274)	(6,120)	(971)	(905)
Net finance (cost)/income	(6,457)	(7,168)	(1,024)	(992)
Share of profit of equity-accounted	5,915	3,421	-	-
Profit before income tax	26,419	13,239	3,130	1,827
Income tax expense	(9,060)	(3,738)	(653)	(340)
Profit for the year from continued	17,359	9,501	2,478	1,487
Discontinued operations				
Profit from discontinued operations	5	12	-	-
Profit for the year	17,364	9,513	2,478	1,487
Total other comprehensive income net of tax	7,897	4,274	32,012	17,702
Total comprehensive income for the year	25,261	13,787	34,490	19,189
Profit attributable to:				
Equity holders of the company	9,372	6,340	2,478	1,487
Non-controlling interest	7,992	3,173	-	-
	17,364	9,513	2,478	1,487
Total comprehensive income attributable to:				
Equity holders of the company	15,774	10,274	34,490	19,189
Non-controlling interest	9,487	3,513	-	-
	25,261	13,787	34,490	19,189
Earnings per share				
Basic and diluted earnings per share (MK)	77.97	52.75		
Basic and diluted earnings per share (MK) (continuing operations)	77.93	52.84		

Statements of Financial Position

ASSETS	31-Dec-13	31-Dec-12	1-Jan-12	31-Dec-13	31-Dec-12
	Non-current assets		Restated	Restated	
Property, plant and equipment	74,342	67,836	50,814	1,376	1,096
Investment properties	3,096	3,591	2,869	-	-
Other investments	15,591	12,467	10,690	113,933	64,566
Loans and advances	20,386	23,500	11,334	5	207
Deferred tax assets	4,928	1,272	853	-	-
	118,343	108,666	76,560	115,314	65,869
Current assets					
Inventories	6,597	5,715	2,147	8	13
Loans and advances	34,864	29,805	33,291	-	-
Other investments	32,342	11,823	9,592	-	-
Trade and other receivables	21,929	18,312	8,824	1,377	263
Cash and cash equivalents	58,022	33,821	19,800	491	474
	153,754	99,476	73,654	1,876	750
Total assets	272,097	208,142	150,214	117,190	66,619
EQUITY AND LIABILITIES					
Equity					
Issued capital	1	1	1	1	1
Share premium	2,097	2,097	2,097	2,097	2,097
Reserves and retained earnings	54,993	39,879	29,434	86,114	52,285
attributable to equity	57,091	41,977	31,532	88,212	54,383
Minority interest	23,393	17,148	16,384	-	-
Total equity	80,484	59,125	47,916	88,212	54,383
Non-current liabilities	21,234	19,937	11,619	26,820	10,437
Current liabilities					
Bank overdraft	3,035	2,270	2,693	589	109
Interest bearing loans and borrowings	10,036	7,490	3,916	495	753
Customer deposits	118,541	87,429	67,675	-	-
Provisions	3,619	3,206	844	393	384
Trade and other payables	35,148	28,685	15,551	681	553
	170,379	129,080	90,679	2,158	1,799
Total liabilities	191,613	149,017	102,298	28,978	12,236
Total equity and liabilities	272,097	208,142	150,214	117,190	66,619

Statements of Cash Flows

	GROUP		COMPANY	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Cash flows from/(used in) operating activities				
Cash generated from/(used in) operations	60,616	27,903	(3,296)	(460)
Interest and tax paid	(11,972)	(10,853)	(1,529)	(544)
Net cash from/(used in) operating	48,644	17,050	(4,825)	(1,004)
Investing activities				
Proceeds from sale of property, plant and	12,229	9,039	11	1,562
Interest received	4,222	1,008	151	103
Dividend received	4,701	736	6,551	3,391
Additions to property, plant and equipment	(41,875)	(20,730)	(3,009)	(1,817)
Net investments and loans	-	-	(202)	(553)
Net cash (used in)/from investing activities	(20,723)	(9,947)	3,502	2,686
Financing activities				
Proceeds from/(repayment of) long term borrowings	(582)	9,516	1,521	(412)
Dividends paid to shareholders of the Co	(661)	(560)	(661)	-
Dividend paid to non-controlling interest	(3,242)	(1,615)	-	(560)
Net cash from/(used in) financing activities	(4,485)	7,341	860	(972)
Net increase/(decrease) in cash and cash equivalents	23,436	14,444	(463)	710
Cash and cash equivalents at 1 January	31,551	17,107	365	(345)
Closing cash and cash equivalents	54,987	31,551	(98)	365
Cash and cash equivalents are made up of:				
Cash and bank	58,022	33,821	491	474
Bank overdraft	(3,035)	(2,270)	(589)	(109)
Cash and cash equivalents	54,987	31,551	(98)	365

Statements of Changes in Equity

	GROUP AS AT 31 DECEMBER 2013			GROUP AS AT 31 DECEMBER 2012			COMPANY	
	Owner's Equity	Non Controlling Interest	Total	Owner's Equity	Non Controlling Interest	Total	31 DEC 2013 Total	31 DEC 2012 Total
Balance as at 1 January	41,977	17,148	59,125	31,532	16,384	47,916	54,383	35,450
Comprehensive income for the year	9,372	7,992	17,364	6,340	3,173	9,513	2,478	1,487
Other comprehensive income	6,402	1,495	7,897	3,934	340	4,274	32,012	17,702
Income recognised directly in equity	-	-	-	731	15	746	-	304
Total comprehensive income for the year	15,774	9,487	25,261	11,005	3,528	14,533	34,490	19,493
Dividend from/(to) equity holders	(661)	(3,241)	(3,902)	(560)	(2,764)	(3,324)	(661)	(560)
Balance as at 31 December	57,090	23,394	80,484	41,977	17,148	59,125	88,212	54,383

Segmental Report

	Financial Services	Telecom-unications	Energy	Consumer Goods	All other	Total
December 2013						
Revenue	34,973	36,668	9,358	29,888	2,830	113,717
Operating profit	16,446	7,242	4,192	436	(1,355)	26,961
Net finance charges	-	(6,548)	693	210	(812)	(6,457)
Income tax	(5,741)	(149)	(1,477)	(199)	(1,494)	(9,060)
Profit from equity accounted and discontinued companies	-	-	-	-	5,920	5,920
Profit/(loss) for the year	10,705	545	3,408	447	2,259	17,364
Capital additions	3,600	6,349	542	414	1,387	12,292
Total assets	173,994	54,582	10,783	5,292	27,445	272,097
December 2012						
Revenue	22,151	24,852	7,075	18,848	1,618	74,544
Operating profit	11,005	2,193	3,338	511	(61)	16,986
Finance charges	-	(6,781)	223	35	(645)	(7,168)
Income tax	(3,418)	941	(929)	(150)	(182)	(3,738)
Profit from equity accounted and discontinued companies	-	-	-	-	3,433	3,433
Profit/(loss) for the year	7,587	(3,647)	2,632	396	2,545	9,513
Capital additions	2,968	11,246	368	93	1,222	15,897
Total assets	129,611	49,226	7,443	4,347	17,515	208,142

Performance Highlights

The Board is pleased to report a consolidated profit after tax of MK17,364 billion (2012: MK9,513 billion) for the year ended 31st December 2013. This represents an 83% growth on prior year. Net profit attributable to ordinary shareholders was MK9,372 billion (2012: MK6,340 billion), representing a 48% increase on prior year. The performance was driven by increased capacity utilization following improvements in the operating environment as evidenced by the availability of foreign currency and fuel notwithstanding the high interest rates that prevailed during the period.

The Financial Services segment continued to deliver excellent results and registered a 67% growth in its earnings. Likewise, the Fuel Distribution business doubled its earnings while the Bottling and Brewing business registered a 186% growth in its revenues. The Consumer Goods segment registered a 59% growth in sales revenue following the rebranding exercise that was aimed at rejuvenating the business and repositioning the 'Peoples' brand in the market. The Telecommunications segment reported a profit from a loss of MK3.6 billion in 2012. The performance was largely due to the strong results delivered by the mobile phone business whose earnings grew by 276%.

Losses were incurred in the fishing and the fixed-mobile voice telephony businesses. The investment in Pond Culture to supplement the declining fish catches from the lake is continuing. Plans are in place to increase the number of ponds to create critical mass for the business. Likewise, the restructuring of the balance sheet of the fixed-mobile voice telephony business is already paying off. The company registered a profit at EBITDA from a loss of MK631 million in 2012.

Restatement of figures

In the Group Financial Position comparative figures have been restated firstly due to the reclassification of 'balances with other banks' amounting to MK19.3 billion and MK8.8 billion in 2012 and 2011 respectively to 'cash and bank' in the Financial Services Segment. In previous years the amounts were reported under trade and other receivables. Secondly, other investments relating to money market deposits and liabilities to customers amounting to MK4.0 billion (2012) and MK1.9 (2011) have also been restated following a change in accounting treatment in line with the provisions of International Accounting Standard 32 - Financial Instruments Presentation. The amounts which were previously netted off have now been reported separately

Dividends

An interim dividend for the year 2013 of MK240 million (2012: MK200 million) representing MK2.00 per share (2012: MK1.66 per share) was paid on 26 October 2013 and the directors have proposed a final dividend for the year 2013 of MK84.40 million (2012: MK420.7 million) representing MK7.00 per share (2012: MK3.50 per share). This brings the total dividend for 2013 to MK1,081.40 million representing MK9.00 per share (2012: MK5.16). A resolution to approve the final dividend will be tabled at the forthcoming Annual General Meeting.

Future Prospects

Building on the strong foundation laid in 2013, the Group is well positioned for growth and expansion in new profitable business areas. While still exploring the opportunity to invest in energy generation, the focus will be to nurture and grow current businesses. Of particular interest are the telecommunications and manufacturing industries. The Group sees growth potential in bottling and brewing, ethanol manufacturing and the mobile phone businesses.

Clement Chilingulo
Chairman
4th April 2014

Mathews A. P. Chikaonda
Group Chief Executive

Elizabeth Mafeni
Group Financial Controller

AUDITORS' REPORT TO THE MEMBERS OF PRESS CORPORATION LIMITED

The accompanying summarised consolidated and separate financial statements, which comprise the summarised statements of financial position as at 31 December 2013 and the summarised statements of comprehensive income, the summarised statements of changes in equity and the summarised statements of cash flows for the year then ended, are derived from the audited financial statements of Press Corporation Limited for the year ended 31 December 2013. We expressed an unmodified opinion on those financial statements in our report dated 4 April 2014. Those financial statements, and the summarised financial statements, do not reflect the effect of events that occurred subsequent to the date of our report on those financial statements.

The summarised financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarised financial statements, therefore, is not a substitute for reading the audited financial statements of Press Corporation Limited.

Directors' Responsibility for the summarised Financial Statements

The directors are responsible for the preparation of the summarised financial statements in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the Companies Act, 1984.

Auditors' Responsibility

Our responsibility is to express an opinion on the summarised financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, 'Engagements to Report on Summary Financial Statements.'

Opinion

In our opinion, the summarised consolidated and separate financial statements derived from the audited financial statements of Press Corporation Limited for the year ended 31 December 2013 are consistent, in all material respects, with those financial statements, in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), and the Companies Act, 1984.

Public Accountants
Deloitte.
Blantyre, Malawi