



PRESS CORPORATION PLC

SUMMARY OF AUDITED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2017

In millions of Malawi Kwacha

STATEMENTS OF COMPREHENSIVE INCOME

	CONSOLIDATED		SEPARATE	
	31-Dec-17	31-Dec-16 Restated	31-Dec-17	31-Dec-16
Continuing operations				
Revenue	200,480	188,857	395	389
Dividend income	-	-	8,231	6,882
Earnings before interest, tax, depreciation and amortisation	70,107	50,499	21,233	3,893
Depreciation and amortisation	(13,581)	(16,640)	(79)	(118)
Results from operating activities	56,526	33,859	21,154	3,775
Net interest paid	(7,594)	(7,571)	(1,091)	(1,902)
Exchange gain/(losses)	333	(2,099)	364	3
Net finance cost	(7,261)	(9,670)	(727)	(1,899)
Share of profit of equity-accounted investments	4,842	5,543	-	-
Profit before income tax	54,107	29,732	20,427	1,876
Income tax expense	(14,438)	(14,418)	(823)	(688)
Profit for the year from continuing operations	39,669	15,314	19,604	1,188
Discontinued operations				
Profit from discontinued operations	4	5	-	-
Profit for the year	39,673	15,319	19,604	1,188
Total other comprehensive income net of tax	3,959	7,977	15,351	60,809
Total comprehensive income for the year	43,632	23,296	34,955	61,997
Profit attributable to:				
Equity holders of the company	23,917	4,909	19,604	1,188
Non-controlling interest	15,756	10,410	-	-
	39,673	15,319	19,604	1,188
Total comprehensive income attributable to:				
Equity holders of the company	26,350	10,635	34,955	61,997
Non-controlling interest	17,282	12,661	-	-
	43,632	23,296	34,955	61,997
Earnings per share				
Basic and diluted earnings per share (MK)	198.98	40.84	-	-
Basic and diluted earnings per share (MK) (continuing operations)	198.94	40.80	-	-

STATEMENTS OF FINANCIAL POSITION

	CONSOLIDATED		SEPARATE	
	31-Dec-17	31-Dec-16 Restated	1-Jan-16 Restated	31-Dec-16
ASSETS				
Non-current assets				
Property, plant and equipment and investment properties	112,493	98,815	94,605	828
Intangibles	21,493	18,800	18,444	230
Investments in subsidiaries, joint ventures and associates	40,687	39,627	32,835	246,655
Other investments	4,378	1,129	1,533	-
Loans and advances	51,685	40,658	40,502	1,733
Deferred tax assets	7,946	7,979	4,098	-
	238,682	207,008	192,017	249,446
233,245				
Current assets				
Other investments	135,981	88,067	74,525	1,246
Loans and advances	79,306	90,761	71,247	-
Trade and other receivables	26,022	24,187	19,628	3,326
Other current assets	15,371	11,484	11,604	137
Cash and cash equivalents	75,148	58,179	59,624	6,751
	331,828	272,678	236,628	11,460
2,119				
Total assets	570,510	479,686	428,645	260,906
235,364				
EQUITY AND LIABILITIES				
Equity				
Issued capital	1	1	1	1
Share premium	2,097	2,097	2,097	2,097
Reserves and retained earnings	123,459	99,213	89,600	211,076
Total equity & earnings attributable to equity holders of the parent	125,557	101,311	91,698	213,174
Minority interest	56,287	46,214	38,710	-
Total equity	181,844	147,525	130,408	180,323
Non-current liabilities				
Deferred tax liabilities	2,740	2,991	1,733	45,066
Borrowings and provisions	38,318	20,246	10,150	214
	41,058	23,237	11,883	45,280
46,914				
Current liabilities				
Bank overdraft	2,790	7,848	8,662	213
Borrowings	16,916	16,650	26,291	890
Other current liabilities	327,902	284,426	251,401	1,349
	347,608	308,924	286,354	2,452
	388,666	332,161	298,237	47,732
55,041				
Total liabilities	428,645	479,686	428,645	260,906
Total equity and liabilities	570,510	479,686	428,645	235,364

STATEMENTS OF CASH FLOWS

	CONSOLIDATED		SEPARATE	
	31-Dec-17	31-Dec-16 Restated	31-Dec-17	31-Dec-16
Cash generated by / (used in) operations	44,643	42,486	(12,175)	(1,826)
Interest and tax paid	(24,764)	(20,698)	(2,525)	(2,583)
Net cash from / (used in) operating activities	19,879	21,788	(14,700)	(4,409)
Investing activities				
Proceeds from sale of property, plant and investments	18,833	1,585	17,262	54
Interest received	1,714	2,117	955	166
Dividend received	1,525	1,955	8,231	6,882
Purchase of property, plant and equipment	(26,908)	(19,420)	(82)	(32)
Net cash outflow on acquisition of a subsidiary	-	(26)	-	-
Investment in a subsidiary	-	-	(92)	(2,000)
Net cash (used in) / from investing activities	(4,836)	(13,789)	26,274	5,070
Financing activities				
Net proceeds and repayment of long term borrowings	16,297	(2,529)	(958)	(1,005)
Dividends paid to shareholders of the Company	(2,104)	(1,022)	(2,104)	(1,022)
Dividend paid to non-controlling interest shareholders	(7,209)	(5,079)	-	-
Net cash used in financing activities	(6,984)	(6,311)	(3,062)	(2,027)
Net increase/(decrease) in cash and cash equivalents	22,027	(6,311)	8,512	(1,366)
Cash and cash equivalents at start of the year	50,331	50,962	(1,974)	(608)
Cash and cash equivalents at end of the year	72,358	50,331	6,538	(1,974)

STATEMENTS OF CHANGES IN EQUITY

As at 31 December 2017
Balance at 1 January 2017 as previously stated
Prior year adjustment

Balance at 1 January 2017 as restated
Comprehensive income for the year
Profit for the year
Other comprehensive income

Total comprehensive income for the year
Transactions reported directly in equity
Dividend to equity holders
Balance as at period end

As at 31 December 2016 - Restated
Balance as at 1 January
Comprehensive income for the year
Profit for the year
Other comprehensive income

Total comprehensive income for the year
Transactions reported directly in equity
Dividend to equity holders
Balance as at period end

	CONSOLIDATED		SEPARATE	
	Owner's Equity	Non Controlling interest	Total	Total
	103,206	46,214	149,420	180,323
	(1,895)	-	(1,895)	-
	101,311	46,214	147,525	180,323
	23,917	15,756	39,673	19,604
	2,433	1,526	3,959	15,351
	26,350	17,282	43,632	34,955
	-	-	-	-
	(2,104)	(7,209)	(9,313)	(2,104)
	125,557	56,287	181,844	213,174
	91,698	38,710	130,408	119,348
	4,909	10,410	15,319	1,188
	5,726	2,251	7,977	60,809
	10,635	12,661	23,296	61,997
	-	(78)	(78)	-
	(1,022)	(5,079)	(6,101)	(1,022)
	101,311	46,214	147,525	180,323

SEGMENTAL PERFORMANCE

	Financial Services	Telecommunications	Energy	Consumer Goods	All other segments	Total
December 2017						
Revenue	68,163	85,395	11,682	33,003	2,237	200,480
External revenues	877	7,639	-	47	571	9,134
Inter-segment revenue	69,040	93,034	11,682	33,050	2,808	209,614
Segment operating profit/(loss)	27,551	20,632	200	(2,207)	21,359	67,535
Segment interest income	-	48	1,386	7	959	2,400
Segment interest expense	(8,403)	(7,215)	(2)	(1,163)	(2,444)	(10,824)
Segment income tax expense	-	(5,095)	63	(1,004)	(1,004)	(14,438)
Segment Profit/(loss)	19,148	8,370	1,647	(3,363)	18,870	44,672
Depreciation and amortization	2,896	10,507	454	463	401	14,721
Segment assets	392,267	117,300	21,045	6,308	273,717	810,637
Segment liabilities	310,054	84,171	3,588	14,208	56,541	468,562
Capital additions	4,984	19,574	1,271	483	596	26,908
Reconciliation of profit on reportable segments to IFRS measures						
Total profit/(loss) for reportable segments	19,148	8,370	1,647	(3,363)	18,870	44,672
Profit for non-reportable segments	-	-	-	-	363	363
Adjustment due to different accounting policies	-	776	-	-	(2,753)	(1,977)
Elimination of dividend income from Group companies	-	-	-	-	(8,231)	(8,231)
Share of profit of equity accounted investees	-	-	-	-	4,842	4,842
Profit for discontinued operation	-	-	-	-	4	4
Consolidated profit	19,148	9,146	1,647	(3,363)	13,095	39,673
December 2016 - Restated						
Revenue	62,603	74,548	15,196	34,017	2,493	188,857
External revenues	975	5,697	-	52	5,431	12,155
Inter-segment revenue	63,578	80,245	15,196	34,069	7,924	201,012
Segment operating profit/(loss)	25,177	22,811	3,038	(2,996)	3,846	51,876
Segment interest income	-	1,180	1,908	9	169	3,266
Segment interest expense	-	(10,289)	-	(1,238)	(2,609)	(14,136)
Segment income tax expense	(8,642)	(3,238)	(1,727)	-	(811)	(14,418)
Segment Profit/(loss)	16,535	10,464	3,219	(4,225)	595	26,588
Depreciation and amortization	2,782	10,523	438	383	423	14,549
Segment assets	329,501	100,055	19,864	7,193	245,030	701,643
Segment liabilities	260,552	70,479	4,123	10,882	60,060	406,096
Capital additions	6,168	30,269	1,953	810	453	39,653
Reconciliation of profit on reportable segments to IFRS measures						
Total profit/(loss) for reportable segments	16,535	10,464	3,219	(4,225)	595	26,588
Profit for non-reportable segments	-	-	-	-	311	311
Adjustment due to different accounting policies	-	(10,246)	-	-	-	(10,246)
Elimination of dividend income from Group companies	-	-	-	-	(6,882)	(6,882)
Share of profit of equity accounted investees	-	-	-	-	5,543	5,543
Profit for discontinued operation	-	-	-	-	5	5
Consolidated profit	16,535	218	3,219	(4,225)	(428)	15,319
OTHER INFORMATION						
	Consolidated Audited 31-Dec-17	Audited 31-Dec-16	Separate Audited 31-Dec-17	Audited 31-Dec-16		
Capital Expenditure for the period	26,908	19,420	82	32		
Capital Expenditure committed	27,087	26,996	116	285		
Finance lease commitments	13,441	13,311	-	-		
Contingent liabilities	61,124	37,825	16,470	14,700		
Listed investments at market value	-	-	125,065	87,070		
Unlisted investments at directors' valuation	-	-	121,590	145,100		

BASIS OF PREPARATION

The Directors have prepared the summary consolidated and separate financial statements in order to meet the requirements of the Malawi Stock Exchange Listings. The Directors have considered the listing requirements of the Malawi Stock Exchange and believe that the summary statements of financial position, comprehensive income and cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The accounting policies applied in the preparation of the consolidated and separate financial statements, from which the summary consolidated and separate financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated and separate financial statements.

PERFORMANCE OVERVIEW

Group Results
The Board is pleased to present audited results for the year ended 31 December 2017 for Press Corporation PLC.

Group profit after tax was MK39.67 billion (2016: MK15.31 billion), representing a 159% increase. This performance was after taking into account a profit of MK14 billion on a part disposal of shares in Castel Malawi Limited.

During the year, PCL diluted its shareholding in Castel to 20% from 39.65%. The sale was part of the deal in which Castel Internationale² bought out Carlsberg Breweries AS and was done to allow for further strategic investments for the Group.

Excluding the above part-disposal, the Group delivered a strong after tax profit growth of 68%, notwithstanding the prevailing sub-optimal operating environment, mainly as a result of reduced demand for goods and services on account of low disposable incomes following poor prices fetched by farm produce during the year and acute power shortages.

The performance was driven by cost reduction and improved operating efficiencies. Functional reviews carried out in most Group companies during the year aimed at streamlining operations and improving efficiency resulted in significant cost reductions. In addition, there was a significant reduction in finance costs following reduction in interest rates and the relative stability of the local currency. The Group also utilized its excess cash to pay off some of its liabilities which resulted in further reduction in finance costs.

Prior year comparatives have been restated to take into account a prior year loss adjustment in Peoples Trading Center Limited amounting to MK1.9 billion.

SEGMENTAL PERFORMANCE

The Financial Services Segment (National Bank of Malawi)
The bank delivered good results with a 15% growth in its profit after tax and a 19% growth in its assets. The performance was achieved notwithstanding the prevailing high risk of bad debts, especially from the agriculture sector which resulted in net impairment losses on loans and advances of MK5.96 billion (2016: MK1.09 billion).