



PRESS CORPORATION LIMITED

EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

In millions of Malawi Kwacha

Statements of Comprehensive Income

	GROUP		COMPANY	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Continuing operations				
Revenue	136,787	113,717	6,935	6,846
Operating profit	30,906	26,961	4,750	4,155
Net interest paid	(2,452)	(2,183)	(1,336)	(794)
Exchange (losses)/gain	(1,066)	(4,274)	42	(230)
Net finance cost	(3,518)	(6,457)	(1,294)	(1,024)
Share of profit of equity-accounted	7,316	5,915	-	-
Profit before income tax	34,704	26,419	3,456	3,131
Income tax expense	(12,576)	(9,060)	(668)	(653)
Profit for the year from continued	22,128	17,359	2,788	2,478
Discontinued operations				
Profit from discontinued operations	6	5	-	-
Profit for the year	22,134	17,364	2,788	2,478
Total other comprehensive income net of tax	7,911	7,897	19,063	32,012
Total comprehensive income for the year	30,045	25,261	21,851	34,490
Profit attributable to:				
Equity holders of the company	11,248	9,372	2,788	2,478
Non-controlling interest	10,886	7,992	-	-
	22,134	17,364	2,788	2,478
Total comprehensive income attributable to:				
Equity holders of the company	16,824	15,774	21,851	34,490
Non-controlling interest	13,221	9,487	-	-
	30,045	25,261	21,851	34,490
Earnings per share				
Basic and diluted earnings per share (MK)	93.58	77.97		
Basic and diluted earnings per share (MK) (continuing operations)	93.53	77.93		

Statements of Financial Position

	GROUP		COMPANY	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
ASSETS				
Non-current assets				
Property, plant and equipment	90,687	74,343	1,239	1,376
Investment properties	3,270	3,096	-	-
Other investments	21,551	15,591	135,246	113,933
Loans and advances	31,536	20,385	4	5
Deferred tax assets	4,332	4,928	-	-
	151,376	118,343	136,489	115,314
Current assets				
Inventories	10,062	6,597	13	7
Loans and advances	42,080	34,864	-	-
Other investments	39,921	32,342	-	-
Trade and other receivables	36,537	21,929	992	1,378
Cash and cash equivalents	65,852	58,022	107	491
	194,452	153,754	1,112	1,876
Total assets	345,828	272,097	137,601	117,190
EQUITY AND LIABILITIES				
Equity				
Issued capital	1	1	1	1
Share premium	2,097	2,097	2,097	2,097
Reserves and retained earnings	73,147	54,992	106,702	86,114
attributable to equity	75,245	57,090	108,800	88,212
Minority interest	32,138	23,394	-	-
Total equity	107,383	80,484	108,800	88,212
Non-current liabilities	19,093	20,767	25,474	26,821
Current liabilities				
Bank overdraft	4,259	3,035	340	589
Interest bearing loans and borrowings	14,100	10,036	1,878	495
Customer deposits	140,378	118,541	-	-
Provisions	4,215	3,619	588	393
Trade and other payables	56,400	35,615	521	680
	219,352	170,846	3,327	2,157
Total liabilities	238,445	191,613	28,801	28,978
Total equity and liabilities	345,828	272,097	137,601	117,190

Statements of Cash Flows

	GROUP		COMPANY	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Cash flows from/(used in) operating activities				
Cash generated from/(used in) operations	47,407	60,616	(1,307)	(3,296)
Interest and tax paid	(15,920)	(11,972)	(2,157)	(1,529)
Net cash from/(used in) operating activities	31,487	48,644	(3,464)	(4,825)
Investing activities				
Proceeds from sale of property, plant and investments	17,557	12,229	101	11
Interest received	2,283	4,222	128	151
Dividend received	2,496	4,701	6,678	6,551
Additions to property, plant and equipment and other investments	(45,109)	(41,875)	(4,647)	(3,009)
Net investments and loans	-	-	125	(202)
Net cash (used in)/from investing activities	(22,773)	(20,723)	2,385	3,502
Financing activities				
Proceeds from/(repayment of) long term borrowings	2,934	(583)	2,207	1,521
Dividends paid to shareholders of the Company	(1,263)	(661)	(1,263)	(661)
Shareholders	(3,779)	(3,241)	-	-
Net cash from/(used in) financing activities	(2,108)	(4,485)	944	860
Net increase/(decrease) in cash and cash equivalents	6,606	23,436	(135)	(463)
Cash and cash equivalents at 1 January	54,987	31,551	(98)	365
Closing cash and cash equivalents	61,593	54,987	(233)	(98)

Statements of Changes in Equity

	GROUP			GROUP			COMPANY	
	AS AT 31 DECEMBER 2014			AS AT 31 DECEMBER 2013			31 DEC 2014	31 DEC 2013
	Owner's Equity	Non Controlling Interest	Total	Owner's Equity	Non Controlling Interest	Total	Total	Total
Balance as at 1 January	57,090	23,394	80,484	41,977	17,148	59,125	88,212	54,383
Comprehensive income for the year								
Profit for the year	11,248	10,886	22,134	9,372	7,992	17,364	2,788	2,478
Other comprehensive income	5,576	2,335	7,911	6,402	1,495	7,897	19,063	32,012
	16,824	13,221	30,045	15,774	9,487	25,261	21,851	34,490
Total comprehensive income for the year	16,824	13,221	30,045	15,774	9,487	25,261	21,851	34,490
Transactions reported directly in equity	2,594	(698)	1,896	-	-	-	-	-
Dividend to equity holders	(1,263)	(3,779)	(5,042)	(661)	(3,241)	(3,902)	(1,263)	(661)
Balance as at 31 December	75,245	32,138	107,383	57,090	23,394	80,484	108,800	88,212

Segmental Performance

	Financial Services	Telecomm	Energy	Consumer Goods	All other segments	Total
December 2014						
Revenue	38,533	48,610	11,396	35,941	2,307	136,787
Operating profit	19,575	12,307	4,079	(1,469)	(3,586)	30,906
Net finance charges	-	(3,539)	402	41	(422)	(3,518)
Income tax	(6,137)	(2,929)	(1,517)	281	(2,274)	(12,576)
Profit from equity accounted and discontinued companies	-	-	-	-	7,322	7,322
Profit/(loss) for the year	13,438	5,839	2,964	(1,147)	1,040	22,134
Capital additions	3,628	16,119	994	660	928	22,329
Total assets	224,432	69,905	11,832	7,696	31,963	345,828
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
Finance charges	-	(6,548)	693	210	(812)	(6,457)
Income tax	(5,740)	(149)	(1,477)	(199)	(1,495)	(9,060)
Profit from equity accounted companies	-	-	-	-	5,920	5,920
Profit for the year	10,706	545	3,408	447	2,258	17,364
Capital additions	3,600	6,349	542	414	1,387	12,292
Total assets	173,742	54,835	10,783	5,292	27,445	272,097

Performance Highlights

The Board is pleased to report a consolidated profit after tax of MK22.134 billion (2013: MK17.364 billion) for the year ended 31st December 2014. This represents a 27% growth on prior year. Net profit attributable to ordinary shareholders was MK11.248 billion (2013: MK9.372 billion), representing a 20% increase on prior year. The performance was achieved against a background of a dampened operating environment, characterized by liquidity squeeze emanating from low government spending following the suspension of budgetary support by development partners. This was aggravated by increased operating costs occasioned by high interest rates and the attendant high inflation that prevailed during a greater part of the period.

The Financial Services Segment continued to be the main driver of the Group's results and registered a 26% increase in its earnings. The Telecommunications Segment registered excellent results following the outstanding performance by the mobile phone business. Similarly, the fixed phone business registered a profit following the successful restructuring of its balance sheet. The equity accounted investments registered a 24% growth in PCL's share of their profits with the Bottling and Brewing business delivering a 43% growth while the tobacco processing business delivered a 24% growth. Earnings from the Ethanol manufacturing business declined due to increases in the price of feedstock and lower yields due to lower sugar content in the feedstock. Plans to invest in feedstock independence are at an advanced stage.

The Consumer Goods Segment suffered a loss following the stock loss that was incurred during the year. The fishing business continues on its path to recovery and significantly reduced its losses from operations. The search for a strategic partner in the Fish Farming division is now at an advanced stage following the successful restructuring of the company's balance sheet.

Dividends

An interim dividend for the year 2014 of MK420.7 million (2013: MK240.4 million) representing MK3.50 per share (2013: MK2.00 per share) was paid on 24 October 2014 and the Directors have proposed a final dividend for the year 2014 of MK1081.8 million (2013: MK420.7 million) representing MK9.00 per share (2013: MK3.50 per share). This brings the total dividend for 2014 to MK1502.5 million (2013: MK1081.8) representing MK12.50 per share (2013: MK9.00). A resolution to approve the final dividend will be tabled at the forthcoming Annual General Meeting.

Future Prospects

The operating environment continues to be sluggish with the current uncertainty around resumption of budgetary support by donors. Interest rates are coming down and inflation is easing off. The Group is well positioned for growth and building on our past resilience, we are confident of continued good performance in 2015. The focus will be to make the ethanol companies feedstock-secure and to expedite the search for a strategic partner for the fish business. We will also continue exploring the opportunity to invest in energy generation.

Clement Chilingulo Board Chairman

Simon Itaye Board Audit Committee Chairman

Mathews A. P. Chikaonda Group Chief Executive

Elizabeth Mafeni Group Financial Controller

27 March 2015

AUDITOR'S 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 31st December 2014 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 31st December 2014. We expressed an unmodified opinion on those financial statements in our report dated 31 March 2015. 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 2014 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 31st March 2015 Blantyre, Malawi

Deloitte.