



PRESS CORPORATION PLC

SUMMARY OF AUDITED RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2020

In millions of Malawi Kwacha
STATEMENTS OF COMPREHENSIVE INCOME

Continuing operations
Revenue
Dividend income
Earnings before interest, tax, depreciation and amortisation
Depreciation and amortisation
Results from operating activities
Net interest (paid)/received
Exchange (losses)/gain
Net finance (costs)/income
Share of profit of equity-accounted investments
Profit before income tax

CONSOLIDATED	
Audited 31-Dec-20	Audited 31-Dec-19 Restated
219,508	220,066
-	-
65,210	63,955
(19,977)	(19,799)
45,233	44,156
(6,748)	(7,160)
(617)	(103)
(7,365)	(7,263)
349	3,415
38,217	40,308
(18,350)	(17,510)
19,867	22,798
28	71
19,895	22,869
-	-
3,207	3,062
23,102	25,931
-	-
3,590	7,377
16,305	15,492
19,895	22,869
-	-
5,401	8,937
17,701	16,994
23,102	25,931
29.87	61.37
29.63	60.78

Income tax expense
Profit for the year from continuing operations
Discontinued operations
Profit from discontinued operations
Profit for the year

Total other comprehensive income net of tax
Total comprehensive income for the year
Profit attributable to:

Equity holders of the company
Non-controlling interest

Total comprehensive income attributable to:

Equity holders of the company
Non-controlling interest

Earnings per share
Basic and diluted earnings per share (MK)
*Basic and diluted earnings per share (MK)
(continuing operations)*

STATEMENTS OF FINANCIAL POSITION

ASSETS
Non-current assets
Property, plant and equipment, right of use assets and investment properties
Intangibles
Investments in subsidiaries, joint ventures and associates
Other investments
Loans and advances
Long term receivables and contract assets
Deferred tax assets

CONSOLIDATED		SEPARATE	
Audited 31-Dec-20	Audited 31-Dec-19 Restated	Audited 1-Jan-19 Restated	Audited 31-Dec-19
162,762	142,063	121,460	1,319
22,948	23,547	22,690	214
46,548	48,694	49,112	347,900
99,927	52,362	19,315	4,120
147,386	100,048	73,717	-
2,341	2,132	1,706	1,659
10,554	10,084	9,412	-
492,466	378,930	297,412	355,212
137,590	127,574	131,578	-
47,322	81,790	86,943	-
32,241	27,895	28,900	5,522
11,148	12,282	12,959	9,011
92,196	58,934	64,581	82
320,497	308,475	324,961	14,615
812,963	687,405	622,373	369,827

Current assets
Other investments
Loans and advances
Trade and other receivables and contract assets
Other current assets
Cash and cash equivalents

Total assets
EQUITY AND LIABILITIES
Equity
Issued capital
Share premium
Reserves and retained earnings
Total equity & earnings attributable to equity holders of the parent
Minority interest

CONSOLIDATED		SEPARATE	
Audited 31-Dec-20	Audited 31-Dec-19 Restated	Audited 1-Jan-19 Restated	Audited 31-Dec-19
157,942	155,668	149,960	285,852
85,687	75,601	66,810	-
243,629	231,269	216,770	285,852
-	-	-	-
5,011	5,521	4,560	68,264
297	119	141	-
49,831	44,122	47,386	4,890
55,139	49,762	52,087	73,154
9,942	7,986	6,212	4,524
14,726	19,468	4,232	1,663
489,527	378,920	343,072	4,634
514,195	406,374	353,516	10,821
569,334	456,136	405,603	83,975
812,963	687,405	622,373	369,827

Total equity
Non-current liabilities
Deferred tax liabilities
Deferred revenue
Borrowings, lease liability and provisions
Current liabilities
Bank overdraft
Borrowings and lease liability
Other current liabilities
Total liabilities
Total equity and liabilities

STATEMENTS OF CASH FLOWS

Cash generated by / (used in) operations
Interest paid, tax paid and refund
Net cash from / (used in) operating activities
Investing activities
Proceeds from sale of property, plant and equipment
Interest received
Dividend received
Purchase of property, plant and equipment
Investment in subsidiaries
Net cash (used in) / from investing activities

CONSOLIDATED		SEPARATE	
Audited 31-Dec-20	Audited 31-Dec-19 Restated	Audited 31-Dec-20	Audited 31-Dec-19
101,872	47,398	(3,076)	(5,150)
(27,950)	(22,178)	(1,822)	(2,764)
73,922	25,220	(6,258)	(7,914)
557	2,117	1	-
2,136	1,614	279	373
2,841	3,464	9,963	10,454
(29,320)	(27,979)	(129)	(54)
-	-	(1,574)	(2,493)
(23,786)	(20,784)	8,540	8,280
(7,988)	(619)	(1,678)	(332)
(3,127)	(3,127)	(3,127)	(3,127)
(7,615)	(8,111)	-	-
(18,730)	(11,857)	(4,805)	(3,459)
31,406	(7,421)	(2,523)	(3,093)
50,948	58,369	(1,819)	1,274
82,354	50,948	(4,342)	(1,819)

STATEMENTS OF CHANGES IN EQUITY

As at 31 December 2020
Balance at 1 January 2020 as previously stated
Prior year adjustment
Balance at 1 January 2020 as restated
Comprehensive income for the year
Profit for the year
Other comprehensive income

CONSOLIDATED			SEPARATE
Owner's Equity	Non Controlling interest	Total	Total
157,400	78,063	235,463	277,275
(1,732)	(2,462)	(4,194)	-
155,668	75,601	231,269	277,275
3,590	16,305	19,895	3,800
1,811	1,396	3,207	7,904
5,401	17,701	23,102	11,704
(3,127)	(7,615)	(10,742)	(3,127)
157,942	85,687	243,629	285,852
150,912	68,163	219,075	252,813
(952)	(1,353)	(2,305)	-
149,960	66,810	216,770	252,813
7,377	15,492	22,869	4,356
1,560	1,502	3,062	23,233
8,937	16,994	25,931	27,589
(102)	(92)	(194)	-
(3,127)	(8,111)	(11,238)	(3,127)
155,668	75,601	231,269	277,275

Total comprehensive income for the year
Transactions reported directly in equity
Dividend to equity holders
Balance as at period end
As at 31 December 2019
Balance at 1 January 2019 as previously stated
Prior year adjustment
Balance at 1 January 2019 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

SEGMENTAL PERFORMANCE

December 2020
Revenue
External revenues
Inter-segment revenue
Segment revenue
Segment operating profit/(loss)
Segment interest income
Segment interest expense
Segment income tax expense

Financial Services	Telecommu- nications	Energy	Consumer Goods	All other segments	Total
80,936	96,233	23,042	16,610	2,687	219,508
736	2,999	-	3	1,010	4,748
81,672	99,232	23,042	16,613	3,697	224,256
33,476	15,592	4,859	(4,094)	6,814	56,647
-	395	1,411	1	293	2,100
(576)	(5,415)	(7)	(1,794)	(2,698)	(10,490)
(10,392)	(5,208)	(1,624)	-	(1,125)	(18,349)
22,508	5,364	4,639	(5,887)	3,284	29,908
4,291	15,295	674	989	527	21,776
572,693	140,957	31,235	4,259	399,448	1,148,592
454,776	92,942	5,866	17,742	87,196	658,522
4,101	21,242	3,264	118	597	29,322
22,508	5,364	4,639	(5,887)	3,284	29,908
-	-	-	-	(9,963)	(9,963)
-	-	-	-	349	349
-	-	-	-	(427)	(427)
-	-	-	-	28	28
22,508	5,364	4,639	(5,887)	(6,729)	19,895

Reconciliation of profit on reportable segments to IFRS measures
Total profit/(loss) for reportable segments
Elimination of dividend income from Group companies
Share of profit of equity accounted investees
Impairment of Goodwill attributable to Group reporting
Profit for discontinued operation
Consolidated profit

December 2019 - Restated
Revenue
External revenues
Inter-segment revenue
Segment revenue
Segment operating profit/(loss)
Segment interest income
Segment interest expense
Segment income tax (expense)/credit
Segment Profit/(loss)
Depreciation and amortization
Segment assets
Segment liabilities
Capital additions

71,726	103,243	19,459	22,853	2,785	220,066
1,309	3,078	-	6	720	5,113
73,035	106,321	19,459	22,859	3,505	225,179
25,975	21,703	2,727	(2,425)	7,898	55,878
-	82	964	1	383	1,430
(716)	(5,122)	(1)	(1,543)	(2,578)	(9,960)
(8,163)	(6,750)	(1,546)	-	(1,052)	(17,511)
17,096	9,913	2,144	(3,967)	4,651	29,837
4,351	14,678	623	1,013	491	21,156
460,217	125,714	26,551	7,776	387,711	1,007,969
359,295	77,541	5,000	16,396	85,653	543,885
6,013	19,600	1,058	277	1,031	27,979

Reconciliation of profit on reportable segments to IFRS measures
Total profit/(loss) for reportable segments
Elimination of dividend income from Group companies
Share of profit of equity accounted investees
Profit for discontinued operation
Consolidated profit

17,096	9,913	2,144	(3,967)	4,651	29,837
-	-	-	-	(10,454)	(10,454)
-	-	-	-	3,415	3,415
-	-	-	-	71	71
17,096	9,913	2,144	(3,967)	(2,317)	22,869

OTHER INFORMATION

Audited
Capital Expenditure for the period
Capital Expenditure committed
Finance lease commitments
Contingent liabilities
Listed investments at market value
Unlisted investments at directors' valuation

CONSOLIDATED		SEPARATE	
Audited 31-Dec-20	Audited 31-Dec-19	Audited 31-Dec-20	31-Dec-19
29,164	27,979	129	54
60,311	37,000	256	151
22,209	22,561	-	-
53,800	42,187	17,100	17,500
-	-	251,655	238,034
-	-	100,365	112,469

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.

The Board is therefore pleased to present results for Press Corporation PLC for the twelve-month period ended 31st December, 2020.

THE OPERATING ENVIRONMENT

The year was defined by the global COVID-19 pandemic and the attendant preventative measures that severely restricted business and commerce affecting all areas of the economy. Locally, the situation was further exacerbated by the unsettling effects of the pre and post fresh presidential election activities which led to a highly unpredictable economic landscape. As a consequence, economic growth estimated at 0.6% was significantly down when compared with the pre-pandemic estimates of around 5.5%.

PERFORMANCE OVERVIEW

GROUP RESULTS

Granted the very difficult operating environment, the Group registered respectable results. Group profit before tax for the period at MK38.22 billion (2019: MK40.31 billion) was 5% lower than prior year. Most Group companies could not meet planned turnover levels and Group revenues were just level with prior year. Profit after tax at K19.90 billion (2019: K22.87 billion) was 13% down on prior year.

Results were further negatively impacted by a 90% decline in profit from equity accounted investments largely due to losses incurred in the Beverage and Bottling Company occasioned by an exchange loss amounting to MK6.36 billion (2019: MK258 million).

In addition, Directors found it prudent to make a provision, pending resolution, in respect of Value Added Tax claims in the mobile phone company by the Malawi Revenue Authority amounting to MK2.3 billion (2019: MK1.9 billion) following a tax audit. Accordingly, 2019 results were also re-stated to take this provision into account.

NEW INVESTMENTS: LifeCo and Akiba Bank

During the year, the Group made a 49.5% investment in LifeCo Holdings Limited, a newly formed life insurance, pension administration and asset management business. The company started its operations in January 2021 immediately upon being granted the requisite licenses by the Registrar of Financial Institutions. Similarly, National Bank of Malawi acquired a controlling stake in Akiba Bank, a potentially high growth bank in Tanzania, as part of the Group's growth strategy in the region.

BUSINESS DIVESTURE: Castel Malawi Ltd

After assessing the various operational and regulatory issues that continue to negatively affect Castel Malawi Limited, Directors concluded that it would be in the best interest of the Group to divest PCL's remaining 20% stake in the company. Negotiations to that effect have now been concluded at a price of USD12 million, and the proceeds will be realized in 2021. The investment has been disclosed as held for sale in the financial statements.

SEGMENTAL PERFORMANCE

The Financial Services Segment (National Bank of Malawi PLC)
The Bank delivered strong results with a 31% growth in its profit after tax. Results were driven by a 17% growth in non-interest income and a 27% and 6% growth in customer deposits and the loan book respectively. The bank's efforts to improve the quality of the loan book saw a 45% reduction in net impairment losses. Going forward, the focus is to reduce the level of Non-Performing Loans to be within the bank's risk appetite.

The Telecommunications Segment (mobile phone company: TNM, and the fixed telephony and broad band company: MTL)
The segment registered a 46% decline in its profit after tax. The fixed line company

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

To the members of Press Corporation Plc

Opinion

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statements of financial position as at 31 December 2020, the summary consolidated and separate statements of comprehensive income and summary consolidated and separate cash flow statements for the year then ended and related notes, are derived from the audited consolidated and separate financial

In our opinion, the accompanying summary consolidated, and separate financial statements are consistent in all material respects, with the audited consolidated and separate financial statements on the basis described in the Basis for Preparation Paragraph.

Summary Financial Statements

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

continued to make losses, albeit, lower than last year. The mobile phone company registered a 48% decline on its net earnings due to challenges faced in revenue generation as critical equipment needed for capacity and efficiency improvements was delayed due to lockdowns in countries of origin, this is in addition to the impact of tax provisions as already alluded to above. The company's performance is on track and is expected to recover and deliver strong results in the ensuing year.

The Energy Segment (ethanol manufacturing: PressCane and Ethco)

The segment delivered excellent results and registered a 116% growth in its profit after tax. The performance was driven by improved margins following the agreement of a new pricing model with the Malawi Energy Regulatory Authority. Results were further buoyed by an upside from the production of hand sanitizers, a new product line, in the wake of COVID-19 pandemic, supported by the availability of additional feedstock carried over from the previous year.

The Consumer Goods Segment (retail chain: Peoples)

PTC continued to make losses mainly due to working capital constraints which is also undermining the implementation of the revised strategic plan. The board is considering several strategic options including, but not limited to, inviting new investors into the company.

All-Other Segment: (fish farming: Maldeco and real estate: Press Properties)

The Foods Company Limited reported a loss. The company was hit hardest by the impact of COVID-19 on its imported feed supply chain, as well as the restrictions on the hospitality industry and the closure of learning institutions.

The real estate business registered the same profit as prior year. Demand for lettable properties was subdued and the market was under pressure for downward revision of rentals as one of the consequences of the COVID-19 pandemic.

Equity accounted businesses: (Joint ventures: PUMA, a fuel distribution company and Macsteel, a steel processing and trading company; Associated companies: Limbe Leaf, a tobacco processing company; Castel, Malawi Ltd, a bottling and brewing company; and Open Connect Limited: a telecom fibre back bone infrastructure company)

Profit from the segment declined by 90% mainly due to a loss incurred in the Bottling and Brewing business as a result of an increase in exchange losses as already alluded to above. Similarly, results from other equity accounted investees were also lower than prior year mainly due to the impact of COVID-19 and delays in shipping of tobacco following a Withhold Release Order on Malawi tobacco. The order was since cleared.

OUTLOOK

With the availability of COVID-19 vaccines, Directors envisage improved economic prospects for 2021. A GDP growth of 3.5% is projected up from the 0.6% achieved in 2020. Management is confident of delivering planned results. The prevailing foreign currency shortages and the related impact on exchange rates, however, remain a major downside risk. Likewise, the significant increase in public debt poses another major challenge to economic growth.

The Group continues to search for profitable investment in the power segment. Negotiations for a Power Purchase Agreement are underway. Leveraging on its position in the market, the Group is well positioned for continued growth.

DIVIDEND

Directors have resolved to recommend a final dividend amounting to MK3.0 billion (2019: MK2.40 billion) representing MK25.00 (2019: MK20) per share, to be paid on Friday, 27th August 2021 to members whose names appear on the register as at the close of business on 20th August, 2021. An interim dividend amounting to MK721.20 million (2019: MK721.20 million) representing MK6.00 per share, was paid on 26th October, 2020. This brings the total dividend for the year to MK3.72 billion (2019: MK3.122 billion) representing MK31.00 (2019: MK26.00) per share.

Randson Mwiawa
Chairman

Randson Mwiawa (Mr)
Chairman

George Partridge
Group Chief Executive Officer

George Partridge (Dr)
Group Chief Executive Officer

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 6 May, 2021. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement were of most significance in our audit of the consolidated and separate financial statements of the current period.

Director's Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the listing requirements of the Malawi Stock Exchange.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent