

PRESS CORPORATION PLC SUMMARY OF AUDITED RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2019



	ENSIVE INCOME

	CONCOLU	DATED	SEPARATE		
	CONSOLII				
	Audited	Audited	Audited	Audited	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	
Continuing operations					
Revenue	220,066	214,420	431	388	
Dividend income	-	, -	10.454	10.129	
Earnings before interest, tax, depreciation and amortisation	65,844	65,606	6,897	5,563	
Depreciation and amortisation	(19,799)	(15.163)	(121)	(68)	
Results from operating activities	46,045	50,443	6,776	5,495	
Net interest (paid)/received	(7.160)	(2,995)	(1,426)	(431)	
Exchange (losses)/gain	(103)	(155)	(1,420)	(31)	
Net finance (cost)/income	(7,263)	(3,150)	(1,426)	(462)	
Share of profit of equity-accounted investments	3.415	4.995	(1,420)	(402)	
Profit before income tax	42.197	52,288	5.350	5.033	
Income tax expense	(17,510)	(15,584)	(994)	(983)	
Profit for the year from continuing operations	24,687	36,704	4,356	4,050	
Discontinued operations		_			
Profit from discontinued operations	71	9	4 756	- 4.050	
Profit for the year	24,758	36,713	4,356	4,050	
Total other comprehensive income net of tax	3,062	7,669	23,233	38,716	
Total comprehensive income for the year	27,820	44,382	27,589	42,766	
Profit attributable to:					
Equity holders of the company	8,157	18,373	4,356	4,050	
Non-controlling interest	16,601	18,340	-	-	
	24,758	36,713	4,356	4,050	
Total comprehensive income attributable to:					
Equity holders of the company	9,717	23,192	27,589	42,766	
Non-controlling interest	18.103	21.190	-	-	
3 11 11 3	27.820	44.382	27.589	42.766	
Earnings per share	,-	7	,	,	
Basic and diluted earnings per share (MK)	67.86	152.85			
Basic and diluted earnings per share (MK)	07.00	.02.00			
(continuing operations)					
(continuing operations)	67,27	152.78			
	07.27	132.70			

31-Dec-19

48,694 52,362

100 048

10.084

127.574

12 282

687,405

2.097

235,463

44.122

19,468

374,726 402,180

451,942

687,405

31-Dec-19

47.398

(20.784)

(11.857)

CONSOLIDATED

31-Dec-18

22,690

19,315 73,717 1,706 9,412

131.578

86,943 28,900

622,373

219.075

403 298

622,373

31-Dec-18

2 514

(18,304)

(3,462)

31-Dec-19

1.203

346,540 3,963

353,389

3,007

359,139

2,097 275,177

277,275

277,275

67,916

4,251

359,139

31-Dec-19 (5,150)

(2,764) (7,914)

10,454

(2,493) 8.280

(3,127)

(3.459)

(1.819)

SEPARATE

31-Dec-18

304,622

6.069

1,403

313,115

2,213

320,760

252,813

252,813

53,711

3.782

67.947

320,760

31-Dec-18

10,129

(3,127)

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 Current assets

Loans and advances Trade and other receivables and contract assets Other current assets Cash and cash equivalents
Total assets
FOURTY AND LIABILITIES

STATEMENTS OF FINANCIAL POSITION

Issued capital Share premium Reserves and retained earnings Total equity & earnings attributable to equity

Non-current liabilities

Current liabilities

Other investments

Deferred revenue Borrowings, lease liability and provisions

Borrowings and lease liability Other current liabilities

STATEMENTS OF CASH FLOWS

Net decrease in cash and cash equivalents

Cash and cash equivalents at end of the year

Cash and cash equivalents at start of the year

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
Financing activities
Net proceeds and repayment of long term borrowings and leasing liabilities
Dividends paid to shareholders of the Company
Dividend paid to non-controlling interest shareholders
Net cash used in financing activities

STATEMENTS OF CHANGES IN EQUITY

		SEPARATE		
	Owner's Equity	Non Controlling interest	Total	Total
As at 31 December 2019 Balance at 1 January 2019	150,912	68,163	219,075	252,813
Comprehensive income for the year Profit for the year Other comprehensive income	8,157 1,560	16,601 1,502	24,758 3,062	4,356 23,233
Total comprehensive income for the year Transactions reported directly in equity	9,717 (102)	18,103 (92)	27,820 (194)	27,589
Dividend to equity holders Balance as at period end	(3,127) 157,400		(11,238) 235,463	(3,127) 277,275
As at 31 December 2018 Balance at 1 January 2018	125,557	56,287	181,844	213,174
Comprehensive income for the year Profit for the year Other comprehensive income	18,373 4,819	18,340 2,850	36,713 7,669	4,050 38,716
Total comprehensive income for the year	23,192	21,190	44,382	42,766
Transactions reported directly in equity Dividend to equity holders	5,290 (3,127)	(777) (8,537)	4,513 (11,664)	(3,127)
Balance as at period end	150,912	68,163	219,075	252,813

SEGMENTAL PERFORMANCE						
	Financial Services	Telecommu nications	Energy	Consumer Goods	All other segments	Total
December 2019						
Revenue External revenues	71.726	103.243	19.459	22.853	2.785	220.066
Inter-segment revenue	1.309	3.078	19,439	22,033 6	720	5.113
Segment revenue	73,035	106,321	19,459	22,859	3,505	225,179
Segment operating profit/(loss)	25,975	23,592	2,727	(2,425)	7,898	57,767
Segment interest income	(716)	82 (F.122)	964	(1.5.47)	383	1,430
Segment interest expense Segment income tax expense	(716) (8.163)	(5,122) (6.750)	(1) (1.546)	(1,543)	(2,578) (1.052)	(9,960) (17,511)
Segment Profit/(loss)	17,096	11,802	2,144	(3,967)	4,651	31,726
Depreciation and amortization	4,351	14,678	623	1,013	491	21,156
Segment assets	460,217	125,714	26,551	7,776	387,711	1,007,969
Segment liabilities Capital additions	359,295 6,013	73,347 19,600	5,000 1,058	16,396 277	85,653 1,031	539,691 27,979
Capital additions	0,013	19,000	1,030	211	1,031	21,313
Reconciliation of profit on reportable segments to IFRS measures						
Total profit/(loss) for reportable segments Adjustment due to different accounting policies	17,096	11,802	2,144	(3,967)	4,651	31,726
Elimination of dividend income from Group companies	_	-	-	-	(10,454)	(10,454)
Share of profit of equity accounted investees	-	-	-	-	3,415	3,415
Profit for discountinued operation Consolidated profit	17,096	11,802	2,144	(3,967)	71 (2,317)	71 24,758
•	17,030	11,002	2,144	(3,307)	(2,317)	24,730
December 2018 Revenue						
External revenues	63,326	102,220	17,036	28,909	2,929	214,420
Inter-segment revenue	1,415	4,817	17.077	14	759	7,006
Segment revenue	64,741	107,037	17,037	28,923	3,688	221,426
Segment operating profit/(loss)	22,339	28,313	1,236	(1,791)	5,468	55,565
Segment interest income Segment interest expense	-	31 (3,828)	1,089 (8)	5 (1,022)	958 (2,123)	2,083 (6,981)
Segment income tax (expense)/credit	(7,051)	(7,652)	(920)	49	(92)	(15,666)
Segment Profit/(loss)	15,288	16,864	1,397	(2,759)	4,211	35,001
Depreciation and amortization	4,799	10,795	493	317	383	16,787
Segment assets	417,102	101,135 53,001	22,308	6,971 12,069	339,024 74,228	886,540
Segment liabilities Capital additions	328,688 5,598	19,523	3,815 956	942	422	471,801 27,441
Reconciliation of profit on reportable segments to IFRS measures Total profit/(loss) for reportable segments	15,288	16,864	1,397	(2,759)	4,211	35,001
Profit on loss of control of a subsidiary	-	-	1,337	(2,733)	6,160	6,160
Adjustment due to different accounting policies	-	677	-	-	· -	677
Elimination of dividend income from Group companies Share of profit of equity accounted investees	-	-	-	-	(10,129) 4,995	(10,129) 4,995
Profit for discountinued operation					4,995	9
Consolidated profit	15,288	17,541	1,397	(2,759)	5,246	36,713

OTHER INFORMATION

	CONSOLIDATED		SEPARATE	
	Audited 31-Dec-19	Audited 31-Dec-18	Audited 31-Dec-19	Audited 31-Dec-18
Capital Expenditure for the period Capital Expenditure committed Finance lease commitments Contigent liabilities Listed investments at market value Unlisted investments at directors' valuation	27,979 37,000 22,561 42,187 -	27,830 24,339 26,575 41,983	54 151 - 17,500 238,034 112,469	39 63 - 6,970 202,035 108,656

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.

DEDECOMANCE OVERVIEW

The Board is pleased to present results for the Group for the year ended 31st December 2019

The Group delivered a profit after tax of MK24.76 billion (2018: MK36.71 billion) representing a 33% decrease. The reduction should be read in the context of a one-off prior year gain of MK8.86 billion arising from restructuring initiatives of the telecommunications segment and a one-off cost of MK2.5 billion in 2019 relating to functional review exercises in some of its companies. The underlying profit excluding the one-offs puts the current year profit at 3% below prior year

The operating environment was a challenging one, characterized by unprecedented low consumer spending and business uncertainty arising from pre-election activities as well as protracted post-electoral disputes. Thus, revenue generation was impacted resulting in the Group registering only a 3% growth. The less than satisfactory growth in revenue in turn put pressure on working capital resulting in a 131% increase in net finance charges.

Going forward, the Group will continue with its efficiency drive and initiatives to turnaround the companies that have hitherto under-performed. During the year, a diagnostic study revealed that part of the underperformance of these companies is on account of severe under-capitalization which requires urgent attention. Management has already drawn up plans to remedy this. In respec of previously reported loss-making companies, it is pleasing to note that Press Properties Ltd and Ethanol Company Ltd (EthCo) have completely turned around and are profitable while The Foods Company Ltd is now significantly moving in the right direction.

The Financial Services Segment (National Bank of Malawi plc)

The Bank continued with its good performance considering the operating landscape and registered a profit after tax of MK17.1 billion (2018:MK15.97 billion) representing a 7% increase. The results were after taking into account once-off staff rationalization costs incurred during the year amounting to MK812 million. Plans are now at an advanced stage for the Bank to make its first ever

The Telecommunications Segment (mobile phone company: TNM, and the fixed telephony and broad band company: MTL)

Profit from the telecommunications segment declined by 33%. Prior year results for the fixed line phone business included a once-off gain from the restructuring of non-core assets amounting to MK2.7 billion. The mobile phone company, on the other hand, registered a 10% decline in its net earnings, due to a once-off restructuring expenditure of MK1,04 billion, a stock write-off of MK450 million and an increase in depreciation expense resulting from the heavy capital investment made over the past three years to reposition the company for sustainable growth. Plans are underway to identify a strategic partner in MTL.

The Energy Segment (ethanol manufacturing: PressCane and EthCo)

The segment delivered strong results with a 53% increase in its earnings The performance was driven by the continued satisfactory performance by PressCane which registered a 10% growth in its earnings. Similarly, EthCo. delivered good results and registered a 346% growth in its earnings from a loss made same period last year, driven by increased utilisation capacity due to the availability of raw materials from carry-over stocks and improved sales volumes.

The Consumer Goods Segment (retail chain: Peoples)

The retail chain continued making losses and registered a 44% increase in its losses as a result of a 21% decline in sales revenues due to closure of a number of stores following a restructuring of the business, attendant restructuring costs, and a 61% increase in interest costs. During the year, the Board approved an equity injection of MK3 billion for working capital. The impact will be fully felt in 2020. Directors are weighing various equity re-capitalization options to deal with the company's unsustainable debt position. The search for a strategic

All-Other Segment: (fish farming: The Foods Company; and real estate: Press

The Foods Company Ltd continued to register positive gains with an improvement of 23% in its losses. The company is on the path to a complete recovery with the ongoing investment in capacity expansion after a successful restructuring of its operations. Similarly, the real estate business continued with its good performance and registered a 41% growth in its profit before tax. The company needs more capital to have critical mass in commercial properties.

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, a bottling and brewing company, and Open Connect Limited: a telecom fibre back bone

While most companies within this segment produced satisfactory results, the Group's share of profit declined by 32%. This was mainly due to poor results reported in the bottling and brewing business (Castel) as a result of operational challenges some of which emanated from changes in regulations. Some of the issues have since been resolved and the business is expected to be profitable

The tobacco processing company and the fibre back bone company, on the other hand, delivered good results. Profit from the fuel distribution and steel processing companies declined by 25% and 46% respectively mainly due to weak demand and reduced gross margins. There were no margin increases awarded to fuel distribution companies during the period.

OUTLOOK

General business confidence remains at a low ebb in light of continuing uncertainty following the nullification of presidential elections. In addition, the COVID-19 pandemic is likely to have an impact on the Group's general productivity and business as supply chains world-wide are being severely disrupted. Management is closely monitoring the pandemic and taking all necessary precautionary and mitigation measures.

The foregoing notwithstanding, the Group is nonetheless poised to delive satisfactory results due to the expected full re-capitalization of under performing companies which will have a significant positive impact on Group results. The Group is implementing a new 5-year (2020-2024) Strategy whose focus is to create, sustain and grow its businesses through the identification of new revenue streams and efficiency improvements

Directors have resolved to recommend a final dividend amounting to MK2.403 billion (2018:MK2.403 billion) representing MK20.00 per share (2018: MK20.00 per share), to be paid on Friday, 28th August 2020 to members whose names appear on the register as at the close of business on 21st August 2020. An interim dividend amounting to MK721.20 million (2018: MK721.20 million) representing MK6.00 per share (2018; MK6.00 per share) was paid on 25th October 2019. This brings the total dividend for the year to MK3.122 billion (2017; MK3.122 billion) representing MK26.00 per share (2018: MK26 per share).

Mumh F)ulae

Patrick Khembo (Mr)

Estelle Nuka (Mrs)

Director

Elizabeth Mafeni (Mrs) Group Financial Controller

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

To the members of Press Corporation Plc

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statements of financial position as at 31 December 2019, 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 statements of Press Corporation Plc for the year ended 31 December 2019.

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

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.

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 16 April, 2020. 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

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

Our responsibility is to express an opinion on whether the summary consolidated

and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing ISA 810 (Revised), Engagements to Report on Summary Financial Statements.



Nkondola Uka