

PRESS CORPORATION PLC SUMMARY OF AUDITED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2017

millions of Malawi Kwacha

STATEMENTS OF COMPREHENSIVE INCOME

	CONSOLIDATED		SEPA	SEPARATE		
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16		
		Restated				
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	<u>-</u>	-		
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	,	ŕ	ŕ	,		
Profit from discontinued operations	4	5	_	-		
Profit for the year	39,673	15,319	19,604	1,188		
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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	<u>-</u>	· -		
	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	.,,,,,,,	-, 20	- 1,000	/		
Basic and diluted earnings per share (MK)	198.98	40.84				

198.94

4.378

7,946 238,682

135,981

15,371

570,510

2 097

123,459

56,287

181,844

2.790

327,902 347.608

570,510

31-Dec-17

(24,764) 19,879

1.714

(26,908)

(4,836)

16.297

CONSOLIDATED 31-Dec-17

40.80

31-Dec-16

1.129

40.658

90.761

11,484

479,686

2 097

7 848

284,426 308,924 332,161

479,686

2.117

(19,420)

(13,789)

(2.529)

1,955

CONSOLIDATED 17 31-Dec-16

STATEMENTS OF FINANCIAL POSITION

Basic and diluted earnings per share (MK)

ASSE	TS
Non-	current assets
Dron	arty plant and equipm

(continuing operations)

plant and equipment and investment properties Intangibles Other investments Loans and advance

Current assets Other investments Loans and advances Other current assets

Deferred tax assets

FOLUTY AND LIABILITIES

Cash and cash equivalents

Issued capital eserves and retained earnings Total equity & earnings attributable to equity Minority interest

Non-current liabilities Deferred tax liabilities Borrowings and provisions

Current liabilities Bank overdraft Borrowings Other current liabilities

Total liabilities

Total equity and liabilities

STATEMENTS OF CASH FLOWS

Cash generated by / (used in) operations Net cash from / (used in) operating activities Investing activities
Proceeds from sale of property, plant and investments Interest received Purchase of property, plant and equipmen Net cash outflow on acquisition of a subsidiary

Financing activities

Net proceeds and repayment of long term borrowings Dividends paid to shareholders of the Company Dividend paid to non-controlling interest shareholders Net cash used in financing activities et increase/(decrease) in cash and cash equivalents Cash and cash equivalents at start of the year

Net cash (used in) / from investing activities

Cash and cash equivalents at end of the year

STATEMENTS OF CHANGES IN EQUITY

	CO	CONSOLIDATED		SEPARATE		
	Owner's Equity	Non Controlling interest	Total	Total		
at 31 December 2017						
ance at 1 January 2017 as previously stated or year adjustment	103,206 (1,895)	46,214	149,420 (1,895)	180,323 -		
ance at 1 January 2017 as restated nprehensive income for the year	101,311	46,214	147,525	180,323		
fit for the year	23,917	15,756	39,673	19,604		
ner comprehensive income	2,433	1,526	3,959	15,351		
al comprehensive income for the year	26,350	17,282	43,632	34,955		
nsactions reported directly in equity	-	-	-			
dend to equity holders	(2,104)	(7,209)	(9,313)	(2,104		
nce as at period end	125,557	56,287	181,844	213,174		
at 31 December 2016 - Restated						
ance as at 1 January	91,698	38,710	130,408	119,348		
prehensive income for the year	, , , , , , , ,	,		-,-		
fit for the year	4,909	10,410	15,319	1,188		
er comprehensive income	5,726	2,251	7,977	60,809		
I comprehensive income for the year	10,635	12,661	23,296	61,997		
sactions reported directly in equity	- (4.000)	(78)	(78)	/		
dend to equity holders	(1,022)	(5,079)	(6,101)	(1,022		
ance as at period end	101,311	46,214	147,525	180,323		

SEGMENTAL PERFORMANCE

SEPARATE

232,170

233,245

1,976

235,364

178,225

180.323

180,323

2 078

55,041

235,364

31-Dec-16

(1.826)

(2,583) (4,409)

(32)

(1.005)

(1,022)

(2.027)

31-Dec-17

246,655

1,733

249,446

1.246

3,326

260.906

2 097

211,076

213,174

213,174

213

260,906

31-Dec-17

(12.175

(2,525)

17.262

(92) 26,274

(958)

(2,104)

(3.062

8,231 (82)

1-lan-16

18 444

1.533

40.502

71.247

11,604

428,645

2 097

130,408

8 662

26,291

251,401 286.354

428,645

	Financial Services	Telecommunications	Energy	Consumer Goods	All other segments	Total
December 2017						
Revenue						
External revenues	68,163	85,395	11,682	33,003	2,237	200,480
Inter-segment revenue	877	7,639	-	47	571	9,134
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	-	(7,215)	(2)	(1,163)	(2,444)	(10,824)
Segment income tax expense	(8,403)	(5,095)	63	-	(1,004)	(14,439)
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 discountinued operation		-	-		4	4
Consolidated profit	19,148	9,146	1,647	(3,363)	13,095	39,673
December 2016 - Restated						
Revenue						
External revenues	62,603	74,548	15,196	34,017	2,493	188,857
Inter-segment revenue	975	5,697	45.400	52	5,431	12,155
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 discountinued operation Consolidated profit	16,535	218	3,219	(4,225)	5 (428)	5 15,319
consolidated profit	10,535	210	3,219	(4,225)	(428)	15,319

OTHER INFORMATION

	CON	CONSOLIDATED		RATE
	Audited 31-Dec-17	Audited 31-Dec-16	Audited 31-Dec-17	Audited 31-Dec-16
d	26.908	19.420	82	32
	27,087	26,996	116	285
	13,441	13,311	-	-
	61,124	37,825	16,470	14,700
	-	-	125,065	87,070
aluation	-	-	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

profit after tax was MK39.67 billion (2016: MK15.31 billion), repre a 159% increase. This performance was after taking into account a profit of MK14

During the year, PCL diluted its shareholding in Castel to 20% from 39.65%. The sale was part of the deal in which Castel Internationalle' hought 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).

The Telecommunications Segment (mobile phone company - TNM, fixed telepho - MTL, and the telecommunications infrastructure company - OCL)

The mobile phone company delivered excellent results with a 60% growth in its net earnings. The performance was driven by a 21% growth in service revenue and a 28% increase in EBITDA. The company is positioned for continued growth following a successful implementation of 4.5G LTE broad band technology. Similarly, the company successfully implemented the IP Multimedia Platforms (IMS) to achieve mobile convergence capability.

The fixed telephony business is positioned for a turnaround as a result of the hiving off of the fibre business and following a subsequent functional review exercise. The company was restructured to streamline its operations commensurate with its mandate. This resulted in a 50% reduction in operating costs and a 58% improvement in earnings.

The telecommunications fibre backbone infrastructure company delivered satisfactory results. The company, despite having positive EBITDA, still made a loss due to significant finance costs. Discussions with a potential equity partner are at

The Energy Segment (ethanol manufacturing - PressCane and ETHCO)

Revenues from ethanol production were 23% down during the year due to a late start in the production cycle as a result of a prolonged rainy season that resulted in lost sales. This is in addition to inefficiencies as a result of intermittent power supply The companies continue to operate at 50% of installed capacity due to feedstock constraints. Implementation of a feedstock production project to supplement current supply is still under consideration

The Consumer Goods Segment (retail chain - Peoples)

The company recruited a new CEO at the beginning of 2018 and is in the process of implementing its new strategic plan which will focus on growth and rebranding to reposition itself as an upmarket brand. The Spar and Food Lovers Market franchises have performed very well and the plan is to leverage on these. During the year under review the company made a loss, albeit lower than prior year, mainly due to working capital challenges and increased finance costs. Shareholders have since approved a recapitalization plan to fund working capital, rebrand, automate and modernize company operations. The search for a strategic partner will continue after implementing some of these initiatives.

All-Other Segment: (fish farming - Maldeco and real estate - Press Properties) The fish farming business made a loss mainly due to reduced off-take of fish by distributors and consumers occasioned by persistent power outages which resulted in an increase in fish write-off. A review of the company's operations is under way to improve efficiency and to reposition it for growth. The search for a strategic partner

The real estate business was successfully restructured to improve efficiency and reduce operating costs. The company registered a 101% growth in earnings and is now positioned for growth.

Equity accounted businesses: (two Joint ventures - PUMA, a fuel distribution company and Macsteel, a steel processing and trading company; two associate companies - Limbe Leaf, a tobacco processing company; and Castel, a bottling and

During the period, PCL's share of profit from equity accounted investments declined by 13%. This reduction was mainly due to lower revenues achieved in the tobacco processing company due to a combination of erratic rainfall and grower apathy following low prices in the previous growing season.

The bottling and brewing company registered a significant growth in profit after tax due to improved efficiencies, a sound footing for performance improvement.

Results from the fuel distribution company were satisfactory while those from the steel processing business were lower than prior year due to reduced demand in the construction industry occasioned by a challenging operating environment.

Stability in some of the macroeconomic fundamentals registered in 2017, such as ower inflation levels than previously experienced, reduction in interest rates and stability in the exchange rate are expected to continue in 2018. Major downside risks to growth include power supply challenges and the expected under performance in the agricultural sector following the army worm plague and erratic rainfall experienced in some parts of the country during the 2017/18 growing season.

The successful restructuring, right-sizing and efficiency improvement measures undertaken in most businesses during the year has positioned the Group for growth. Going forward the focus will be to maintain the efficiency momentum and continue searching for profitable new business ventures. Directors are optimistic to

Directors have resolved to recommend a final dividend amounting to MK2.403 hillion (2016: MK1 5025 hillion) representing MK20 00 per share (2016:K12 5 per share). An interim dividend amounting to MK600.78 million (2016: nil) representing MK5 00 per share was paid on 27th October 2017. This makes the total dividend for the year MK3.004 billion (2016:MK1.502 billion), representing MK25 per share (2016: MK12.5 per share).

Patrick Khembo

Estelle Nuka (Mrs) Chairperson, Finance & Audit Committee

Group Chief Executive

Flizabeth Mafeni (Mrs) **Group Financial Controlle**

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 t 31 December 2017, 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 yea

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 Preparation

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

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 12 April, 2018. 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.

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

Deloitte

Chartered Accountants

Nkondola Uka 12 April 2018