



RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS			CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	31 Dec. 2016 K'000	31 Dec. 2015 K'000	31 Dec. 2016 K'000	31 Dec. 2015 K'000		31 Dec. 2016 K'000	31 Dec. 2015 K'000	31 Dec. 2016 K'000	31 Dec. 2015 K'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME									
Rental income	3,782,253	2,922,651	1,406,828	1,099,679					
Increase in fair value of investment properties	5,087,099	2,573,983	1,759,583	941,976					
Other income	2,667,580	578,878	1,174,039	1,640,703					
Total income	11,536,932	6,075,512	4,340,450	3,682,358					
Total expenditure	(8,461,680)	(5,415,570)	(2,808,148)	(2,391,215)					
Profit before income tax expense	3,075,252	659,942	1,532,302	1,291,143					
Income tax (expense) credit	(1,086,613)	116,565	(372,092)	(37,387)					
Profit after tax	1,988,639	776,507	1,160,210	1,253,746					
Distributable reserves	(884,675)	(694,913)	(71,498)	504,658					
Non-distributable reserves	2,842,832	1,628,054	1,231,708	749,088					
Amount attributable to members of the company	1,958,157	933,141	1,160,210	1,253,746					
Amount attributable to minority interest	30,482	(156,634)	-	-					
	1,988,639	776,507	1,160,210	1,253,746					
Basic earnings per share (MK)	0.85	0.81							
Analysed as:									
- Distributable (MK)	(0.38)	(0.60)							
- Non-distributable (MK)	1.24	1.42							
Number of shares used for calculation	2,298,047,460	1,149,023,730							
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015									
EQUITY AND LIABILITIES	31 Dec. 2016 K'000	Restated 31 Dec. 2015 K'000	31 Dec. 2016 K'000	31 Dec. 2015 K'000					
SHAREHOLDERS' EQUITY									
Ordinary share capital	114,902	57,451	114,902	57,451					
Distributable reserves	187,130	1,071,806	2,348,460	2,419,952					
Non-distributable reserves	14,827,141	11,984,309	8,359,905	7,128,197					
Share premium	11,369,361	2,742,423	8,626,838	-					
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	26,498,534	15,855,989	19,450,205	9,605,600					
Minority interest	1,460,183	1,434,274	-	-					
Total equity	27,958,717	17,290,263	19,450,205	9,605,600					
LIABILITIES									
Non-current liabilities	21,394,756	20,974,764	2,945,967	6,603,473					
Current liabilities	6,347,552	3,618,187	937,824	595,089					
Bank overdraft	160,668	621,123	140,720	621,123					
Total liabilities	27,902,976	25,214,074	4,024,511	7,819,685					
TOTAL EQUITY AND LIABILITIES	55,861,693	42,504,337	23,474,716	17,425,285					
ASSETS									
Non-current assets									
Investment properties	43,510,442	37,628,828	11,726,210	9,966,392					
Other assets	2,978,371	1,957,001	6,137,650	6,234,360					
Total non-current assets	46,488,813	39,585,829	19,863,860	16,200,752					
Current assets									
Receivables	8,518,558	2,658,405	2,806,450	1,203,196					
Funds at call and on deposit	726,625	-	725,240	-					
Cash and bank balances	127,697	260,103	79,166	21,337					
Total current assets	9,372,880	2,918,508	3,610,856	1,224,533					
TOTAL ASSETS	55,861,693	42,504,337	23,474,716	17,425,285					
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016									
At the beginning of the year	17,290,263	16,722,605	9,605,600	8,397,815					
Distributable profit for the year	(1,572,855)	(1,199,860)	(71,498)	504,658					
Issue of shares	57,451	-	57,451	-					
Non-distributable profit for the year	3,561,494	1,976,367	1,231,708	749,088					
Dividend declared - Interim 2016	(4,575)	(162,888)	-	-					
Dividend declared - Final 2015	-	(45,961)	-	(45,961)					
Share premium	8,626,938	-	8,626,938	-					
	27,958,716	17,290,263	19,450,199	9,605,600					

	31 Dec. 2016 K'000	31 Dec. 2015 K'000	31 Dec. 2016 K'000	31 Dec. 2015 K'000
STATEMENT OF CASH FLOWS				
Cash flows from operating activities				
Net cash inflow/outflow	(4,950,388)	1,819,074	(450,033)	(136,126)
Return on investment and servicing of finance				
Dividend received	-	-	-	815,163
Interest received	2,579,588	399,334	521,349	348,627
Interest paid	(4,094,965)	(2,513,082)	(1,646,134)	(1,437,935)
Dividend paid	-	(45,961)	-	(45,961)
Dividend paid to outside shareholders	(4,575)	(269,838)	-	-
Net cash flow from returns on investment and servicing of finance	(1,519,952)	(2,429,547)	(1,124,785)	(320,106)
Taxation paid	(369,861)	(779,242)	(269,503)	(285,321)
Net cash (used in)/generated from operating activities	(6,840,201)	(1,389,715)	(1,844,321)	(741,553)
Purchase of property, plant and equipment and additions to investment properties	(841,987)	(657,792)	(47,378)	(64,308)
Increase in capital work in progress	-	(958,198)	-	-
Proceeds on disposal of non-current assets	386	401,487	386	401,026
Staff long-term loan movements	5,978	3,048	5,978	3,048
Net cash (used in)/ generated from investing activities	(835,623)	(1,211,455)	(41,014)	339,766
Net cash before financing activities	(7,675,824)	(2,601,170)	(1,885,335)	(401,787)
Cash flow from financing activities				
Borrowings	5,076,025	2,138,529	(5,535,582)	330,117
Repayment of borrowings	(6,129,691)	(443,889)	-	(204)
Increase in share capital	8,684,389	-	8,684,389	-
Exchange loss related to borrowings	1,099,775	328,972	-	-
Net cash flow generated from/ (used in) financing activities	7,630,723	1,694,640	3,148,807	329,913
(Decrease)/increase in cash and cash equivalents	1,054,674	(577,558)	1,263,472	(71,874)
Cash and cash equivalents at the beginning of the year	(361,020)	216,538	(599,786)	(527,912)
Cash and cash equivalents at the end of the year	693,654	(361,020)	663,686	(599,786)

Review of the results

The Board is pleased to announce the results of the Group for the year ended 31st December, 2016. Overall Group results were satisfactory. Income increased by 89% from K6.1 billion in 2015 to K11.5 billion in 2016. The increase is as a result of rent reviews carried out during the year, fair value adjustments of investment properties and interest income.

Total operating expenses went up to MK1.8 billion from MK1.3 billion in 2015. Finance costs went up to MK6.7 billion from MK4.2 billion in 2015. The increase in operating expenses is mostly due to backlog maintenance expenses.

The profit after tax increased to MK2.0 billion from MK0.8 billion, representing a year-on-year increase of 156%.

The Gateway occupancy increased to 74% by the end of 2016 having started the year at 58%. Government rent payment arrears remain a challenge. The Board and Management continues to engage relevant authorities with the view to resolving the issue on a more sustainable basis.

Outlook

The economy is expected to pick up following expected good crop harvest and reduced inflation rate. High interest rates, water and electricity challenges are the main downside risks to the growth prospects.

The Group's future looks bright especially after the successful capital restructuring of MPICO Limited in 2016. This will result in reduced finance charges. The Group will continue to grow the 3rd Party consultancy business.

Dividend

No dividend is being declared in the 2016 Financial Year. The future, however, looks promising in light of the above prognosis.

By order of the board.

Damien Kafoteka Edith Jiya
MANAGING DIRECTOR **CHAIRPERSON**

Audit Opinion

Pursuant to the requirements of the Malawi Stock Exchange listing requirements, we publish the consolidated statements of financial position, and statements of profit or loss and other comprehensive income, and cash flows of MPICO Limited as at 31 December 2016 together with the independent auditor's report thereon.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MPICO LIMITED ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

Opinion

The summary consolidated financial statements, which comprise the summary statements of financial position as at 31 December 2016, the summary statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended are derived from the audited consolidated financial statements of MPICO Limited for the year ended 31 December 2016.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with Malawi Stock Exchange Listing Requirements.

Summary consolidated financial statements

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

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 16 February 2017. That report also includes the communication of other key audit matters. Key audit matters are those matters that, in our professional judgment were of most significance in our audit of the consolidated of the current period.

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the Malawi Stock Exchange Listing Requirements.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated 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*.

KPMG
 Joel Mwenelupembe
 Chartered Accountant (Malawi)
 Partner
 Lilongwe, Malawi
 a member of **OLDMUTUAL group**