



RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

AUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

	GROUP		COMPANY			GROUP		COMPANY	
	31 Dec. 2018 K'000	31 Dec. 2017 K'000	31 Dec. 2018 K'000	31 Dec. 2017 K'000		31 Dec. 2018 K'000	31 Dec. 2017 K'000	31 Dec. 2018 K'000	31 Dec. 2017 K'000
<b>SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>									
Rental income	6,227,202	5,507,380			1,995,562	1,648,396			
Increase in fair value of investment properties	5,277,441	4,880,635			1,515,400	1,035,021			
Other income	1,885,505	2,533,827			4,100,668	1,744,376			
<b>Total income</b>	<b>13,390,148</b>	<b>12,921,842</b>			<b>7,611,630</b>	<b>4,427,793</b>			
<b>Total expenditure</b>	<b>(4,322,451)</b>	<b>(5,798,507)</b>			<b>(2,072,969)</b>	<b>(1,727,570)</b>			
<b>Profit before income tax expense</b>	<b>9,067,697</b>	<b>7,123,335</b>			<b>5,538,661</b>	<b>2,700,223</b>			
Income tax expense	(2,285,348)	(2,030,467)			(1,320,937)	(756,414)			
<b>Profit after tax</b>	<b>6,782,349</b>	<b>5,092,868</b>			<b>4,217,724</b>	<b>1,943,809</b>			
Distributable profits	2,018,142	1,808,364			3,087,460	1,219,294			
Non-distributable profits	3,053,689	2,274,585			1,130,264	724,515			
Amount attributable to members of the company	5,071,831	4,082,949			4,217,724	1,943,809			
Amount attributable to minority interest	1,710,518	1,009,919			-	-			
	<b>6,782,349</b>	<b>5,092,868</b>			<b>4,217,724</b>	<b>1,943,809</b>			
<b>Issued shares</b>	<b>2,298,047,460</b>	<b>2,298,047,460</b>							
Basic earnings per share (K)	2.21	1.78							
- Distributable (K)	0.88	0.79							
- Non-distributable (K)	1.33	0.99							
<b>SUMMARISED STATEMENT OF CASH FLOWS</b>									
<b>Cash flows from operating activities</b>									
Net cash inflow/(outflow)	9,055,717	(1,017,109)			2,149,963	1,325,727			
<b>Return on investment and servicing of finance</b>									
Dividend received	-	-			1,585,500	162,675			
Interest received	1,800,389	2,404,191			156,946	622,054			
Interest paid	(1,112,988)	(1,745,211)			(181,755)	(152,851)			
Dividend paid	(436,629)	(183,844)			(436,629)	(183,844)			
Dividend paid to outside shareholders	(584,000)	(178,250)			-	-			
<b>Net cash flow from returns on investment and servicing of finance</b>	<b>8,722,489</b>	<b>(720,223)</b>			<b>3,274,025</b>	<b>1,773,761</b>			
<b>Taxation paid</b>									
<b>Net cash generated from/ (used in) operating activities</b>	<b>6,222,980</b>	<b>(1,274,484)</b>			<b>3,056,658</b>	<b>1,879,718</b>			
<b>Investing activities</b>									
Addition to plant and equipment	(434,153)	(79,553)			(234,228)	(23,648)			
Additions to investment properties	(332,112)	(206,091)			(2,100)	(5,261)			
Proceeds on disposal of non-current assets	2,456	600,000			2,456	-			
Investment in subsidiary company	-	-			-	(9,060,465)			
Staff long-term loan movements	13,750	5,289			13,750	5,289			
<b>Net cash (used in)/ generated from investing activities</b>	<b>(750,059)</b>	<b>319,645</b>			<b>(220,122)</b>	<b>(9,084,085)</b>			
<b>Financing activities</b>									
Net cash before financing activities	5,472,921	(954,839)			2,836,536	(7,204,367)			
<b>Borrowings</b>									
Borrowings	4,752,333	3,297,953			-	6,854,480			
Repayment of borrowings	(7,078,913)	(15,171,386)			(2,713,607)	(643,271)			
Increase in share capital	-	11,432,069			-	-			
Exchange loss related to borrowings	(613,932)	453,016			-	-			
<b>Net cash flow from financing activities</b>	<b>(2,940,512)</b>	<b>11,652</b>			<b>(2,713,607)</b>	<b>6,211,209</b>			
<b>Increase/ (decrease) in cash and cash equivalents</b>	<b>2,532,409</b>	<b>(943,187)</b>			<b>122,929</b>	<b>(993,158)</b>			
Cash and cash equivalents at the beginning of the year	(249,533)	693,654			(329,472)	663,686			
<b>Cash and cash equivalents at the end of the year</b>	<b>2,282,876</b>	<b>(249,533)</b>			<b>(206,543)</b>	<b>(329,472)</b>			
<b>NOTES TO THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>									
<b>Basis of preparation</b>									
The summary consolidated and separate financial statements are prepared in order to meet the requirements of the Malawi Stock Exchange Listing Requirements for summarized financial statements. The directors have considered the requirements of the Malawi Stock Exchange and believe that the summary consolidated and separate statements of financial position, comprehensive income, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The amounts in the summary consolidated and separate financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards. The summary consolidated and separate financial statements have been derived from the Annual Consolidated and Separate Financial Statements which were approved by the Board of Directors on 21 February 2019, and is available on the company's website, www.mpicomw.com.									
<b>2018 FINANCIAL YEAR RESULTS PUBLICATION COMMENTARY</b>									
<b>Review of the results</b>									
The Mpico Plc Board is pleased to announce the results of the Group and the Company for the year ended 31 December 2018. Overall, Group results were excellent. Rental income increased by 13% to MK6.2 billion in 2018 from MK5.5 billion in 2017. The increase is mainly attributable to rent reviews and increased occupancy levels of The Gateway. Total expenditure for the year decreased to MK4.3 billion in 2018 from MK5.8 billion in 2017 due to lower finance costs emanating from reduced borrowings.									
The profit after tax increased to MK6.8 billion in 2018 from MK5.1 billion in 2017, representing a year-on-year increase of 33%. Government debt significantly reduced to MK2.3 billion as at December 2018 compared to an outstanding balance of MK8.0 billion as at December 2017 due to settlement of all arrears up to April 2018 and other subsequent payments.									
<b>Outlook</b>									
The current economic stability could be impacted by several factors such as low agricultural production following adverse weather conditions, world oil prices and government policy.									
The Group has put in place strategic plans to ensure that its clients are provided with relevant property solutions and that shareholders enjoy growth in the value of their investment.									
<b>Dividend</b>									
The Directors recommend a final dividend of MK310.2 million (2017: MK229.8 million) in respect of 2018 profits making a total dividend of MK517.0 million (2017: MK413.6 million). This represents 22.5 tambala per share (2017: 18 tambala per share). An interim dividend of MK206.8 million was paid in September 2018 (2017: MK183.8 million).									
The final dividend will be paid after the Annual General Meeting planned for June 2019.									
<b>By order of the Board.</b>									
Damien Katoleka MANAGING DIRECTOR					Edith Jhya CHAIR				
<b>INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>									
<b>TO THE MEMBERS OF MPICO plc</b>									
<b>Opinion</b>									
The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statement of financial position as at 31 December 2018, and the summary consolidated and separate statement of comprehensive income, summary consolidated and separate statement of changes in equity, and summary consolidated and separate statement of cash flows for the year then ended, and the related notes, are derived from the audited consolidated and separate financial statements of MPICO plc for the year ended 31 December 2018.									
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 of MPICO plc, and the basis described on the basis for preparation paragraph.									
<b>Summary consolidated and separate financial statements</b>									
The summary consolidated and separate financial statements do not contain all the disclosures required by the 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 audited consolidated and separate 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 audited consolidated and separate financial statements.									
<b>The audited consolidated and separate financial statements and our report thereon</b>									
We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 27 March 2019. That report also includes: - The communication of key audit matters (KAM). 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 for the current period; - An emphasis of matter paragraph highlighting that the 31 December 2017 financial statements have been restated. As explained therein, this is to reflect the effects of the correction of misstatements relating to deferred tax provision; and - Other matter paragraph highlighting that the prior year consolidated and separate financial statements were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2018.									
<b>Directors Responsibility for the Summary Consolidated and Separate Financial Statements</b>									
Directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the basis for preparation paragraph.									
<b>Auditor's Responsibility</b>									
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 Standards on Auditing (ISA)810 (Revised), Engagements to Report on Summary Financial Statements.									
<b>SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018</b>									
<b>EQUITY AND LIABILITIES</b>									
<b>SHAREHOLDERS' EQUITY</b>									
	GROUP		COMPANY		GROUP		COMPANY		
	31 Dec. 2018 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000	31 Dec. 2018 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000	31 Dec. 2018 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000
Ordinary share capital	114,902	Restated 114,902	Restated 114,902	114,902	Restated 114,902	Restated 114,902	114,902	Restated 114,902	Restated 114,902
Distributable reserves	3,232,411	1,811,650	187,130	6,082,058	3,383,910	2,348,460	6,082,058	3,383,910	2,348,460
Non-distributable reserves	22,072,694	19,019,005	16,263,711	10,927,994	9,797,730	8,933,714	10,927,994	9,797,730	8,933,714
Share premium	8,626,938	8,626,938	11,369,361	8,626,938	8,626,938	8,626,938	8,626,938	8,626,938	8,626,938
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY</b>	<b>34,046,945</b>	<b>29,572,495</b>	<b>27,935,104</b>	<b>25,751,892</b>	<b>21,923,480</b>	<b>20,024,014</b>	<b>25,751,892</b>	<b>21,923,480</b>	<b>20,024,014</b>
Non-controlling interests	18,400,848	17,274,329	1,930,232	-	-	-	-	-	-
<b>Total equity</b>	<b>52,447,793</b>	<b>46,846,824</b>	<b>29,865,336</b>	<b>25,751,892</b>	<b>21,923,480</b>	<b>20,024,014</b>	<b>25,751,892</b>	<b>21,923,480</b>	<b>20,024,014</b>
<b>LIABILITIES</b>									
Non-current liabilities	11,941,273	13,539,031	20,793,386	3,395,105	5,686,410	2,372,159	3,395,105	5,686,410	2,372,159
Current liabilities	809,987	3,932,460	6,347,554	639,853	664,634	937,823	639,853	664,634	937,823
Bank overdraft	285,658	389,772	160,668	256,103	389,772	140,720	256,103	389,772	140,720
<b>Total liabilities</b>	<b>13,036,918</b>	<b>17,861,263</b>	<b>27,301,608</b>	<b>4,291,061</b>	<b>6,740,816</b>	<b>3,450,702</b>	<b>4,291,061</b>	<b>6,740,816</b>	<b>3,450,702</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>65,484,711</b>	<b>64,708,087</b>	<b>57,166,944</b>	<b>30,042,953</b>	<b>28,664,296</b>	<b>23,474,716</b>	<b>30,042,953</b>	<b>28,664,296</b>	<b>23,474,716</b>
<b>ASSETS</b>									
<b>Non-current assets</b>									
Investment properties	54,206,720	48,597,167	43,510,442	14,283,992	12,766,492	11,726,210	14,283,992	12,766,492	11,726,210
Other assets	4,538,438	4,331,946	4,283,622	14,116,363	13,953,905	8,137,651	14,116,363	13,953,905	8,137,651
<b>Total non-current assets</b>	<b>58,745,158</b>	<b>52,929,113</b>	<b>47,794,064</b>	<b>28,400,355</b>	<b>26,720,397</b>	<b>19,863,861</b>	<b>28,400,355</b>	<b>26,720,397</b>	<b>19,863,861</b>
<b>Current assets</b>									
Receivables	4,171,019	11,638,735	8,518,558	1,593,038	1,883,599	2,806,449	1,593,038	1,883,599	2,806,449
Funds at call and on deposit	2,153,451	-	-	-	-	-	-	-	-
Cash and bank balances	415,083	140,239	854,322	49,560	60,300	804,406	49,560	60,300	804,406
<b>Total current assets</b>	<b>6,739,553</b>	<b>11,778,974</b>	<b>9,372,880</b>	<b>1,642,598</b>	<b>1,943,899</b>	<b>3,610,855</b>	<b>1,642,598</b>	<b>1,943,899</b>	<b>3,610,855</b>
<b>TOTAL ASSETS</b>	<b>65,484,711</b>	<b>64,708,087</b>	<b>57,166,944</b>	<b>30,042,953</b>	<b>28,664,296</b>	<b>23,474,716</b>	<b>30,042,953</b>	<b>28,664,296</b>	<b>23,474,716</b>
<b>SUMMARISED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018</b>									
<b>GROUP</b>									
	31 Dec. 2018 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000	31 Dec. 2018 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000	31 Dec. 2018 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000
At the beginning of the year	46,846,824	29,865,336	17,290,263	21,923,480	20,024,014	9,605,606	21,923,480	20,024,014	9,605,606
Distributable profit for the year	2,239,353	1,676,423	(1,572,856)	3,087,460	1,219,294	(71,498)	3,087,460	1,219,294	(71,498)
Issue of shares	-	-	57,451	-	-	-	-	-	-
Non-distributable profit for the year	4,542,997	3,416,445	3,561,494	1,130,264	724,515	1,231,708	1,130,264	724,515	1,231,708
Deferred tax adjustment	-	818,645	1,906,621	-	139,501	573,809	-	139,501	573,809
Dividend declared - Final 2017	(229,805)	(362,094)	(4,575)	(229,805)	(183,844)	-	(229,805)	(183,844)	-
Dividend declared - Interim 2018	(790,824)	-	-	(206,824)	-	-	(206,824)	-	-
IFRS 9 Impairment- Prior year	(160,752)	-	-	47,317	-	-	47,317	-	-
Share premium	-	11,432,069	8,626,938	-	-	8,684,389	-	-	8,684,389
	<b>52,447,793</b>	<b>46,846,824</b>	<b>29,865,336</b>	<b>25,751,892</b>	<b>21,923,480</b>	<b>20,024,014</b>	<b>25,751,892</b>	<b>21,923,480</b>	<b>20,024,014</b>
<b>COMPANY</b>									
	31 Dec. 2018 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000	31 Dec. 2018 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000	31 Dec. 2018 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000
At the beginning of the year	21,923,480	20,024,014	9,605,606	21,923,480	20,024,014	9,605,606	21,923,480	20,024,014	9,605,606
Distributable profit for the year	2,239,353	1,676,423	(1,572,856)	3,087,460	1,219,294	(71,498)	3,087,460	1,219,294	(71,498)
Issue of shares	-	-	57,451	-	-	-	-	-	-
Non-distributable profit for the year	4,542,997	3,416,445	3,561,494	1,130,264	724,515	1,231,708	1,		