



RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

AUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

	GROUP		COMPANY	
	31 Dec. 2020 K'000	31 Dec. 2019 K'000	31 Dec. 2020 K'000	31 Dec. 2019 K'000
<b>SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
Rental income	6,328,949	6,636,356	2,289,335	2,180,838
Increase in fair value of investment properties	5,049,324	5,699,102	2,970,800	1,844,276
Other income	1,537,353	1,005,093	1,135,980	811,312
Dividend income from subsidiaries	-	-	723,250	1,811,750
<b>Total income</b>	<b>12,915,626</b>	<b>13,340,551</b>	<b>7,119,365</b>	<b>6,648,176</b>
<b>Total operating expenses and finance costs</b>	<b>(3,754,274)</b>	<b>(3,999,759)</b>	<b>(2,262,858)</b>	<b>(2,262,228)</b>
<b>Profit before tax</b>	<b>9,161,352</b>	<b>9,340,792</b>	<b>4,856,507</b>	<b>4,385,948</b>
Income tax	(4,817,711)	(1,656,022)	(1,253,189)	(883,942)
<b>Profit for the year</b>	<b>4,343,641</b>	<b>7,684,770</b>	<b>3,603,318</b>	<b>3,502,006</b>
Distributable profits	966,140	1,976,026	1,489,553	2,156,951
Non-distributable profits	3,264,888	3,642,560	2,113,765	1,345,055
Amount attributable to members of the parent	4,231,028	5,618,586	3,603,318	3,502,006
Amount attributable to non-controlling interests	112,613	2,066,184	-	-
	4,343,641	7,684,770	3,603,318	3,502,006
<b>Issued shares</b>	<b>2,298,047,460</b>	<b>2,298,047,460</b>		
Basic earnings per share (K)	1.84	2.44		
- Distributable (K)	0.42	0.86		
- Non-distributable (K)	1.42	1.59		

SUMMARY STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	GROUP			COMPANY		
	31 Dec. 2020 K'000	31 Dec. 2019 K'000	31 Dec. 2018 K'000	31 Dec. 2020 K'000	31 Dec. 2019 K'000	31 Dec. 2018 K'000
<b>EQUITY AND LIABILITIES</b>						
<b>SHAREHOLDERS' EQUITY</b>						
Ordinary share capital	114,902	Restated 114,902	Restated 114,902	114,902	Restated 114,902	Restated 114,902
Distributable reserves	5,289,825	4,668,394	3,232,411	8,843,809	7,698,965	6,082,058
Non-distributable reserves	29,505,572	26,240,684	22,598,124	14,912,245	12,798,479	11,453,424
Share premium	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>43,537,237</b>	<b>39,650,918</b>	<b>34,572,375</b>	<b>32,497,894</b>	<b>29,239,284</b>	<b>26,277,322</b>
Non-controlling interests	19,976,897	19,928,782	18,400,848	-	-	-
<b>Total equity</b>	<b>63,514,134</b>	<b>59,579,700</b>	<b>52,973,223</b>	<b>32,497,894</b>	<b>29,239,284</b>	<b>26,277,322</b>
<b>LIABILITIES</b>						
Non-current liabilities	13,378,003	12,604,377	12,121,343	4,860,736	4,066,994	3,575,175
Current liabilities	1,520,912	1,059,577	809,987	508,878	506,852	639,853
Bank overdraft	1,379,031	584,599	285,658	1,375,623	584,375	256,103
<b>Total liabilities</b>	<b>16,277,946</b>	<b>14,248,553</b>	<b>13,216,988</b>	<b>6,745,237</b>	<b>5,158,221</b>	<b>4,471,131</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>79,792,080</b>	<b>73,828,253</b>	<b>66,190,211</b>	<b>39,243,131</b>	<b>34,397,505</b>	<b>30,748,453</b>
<b>ASSETS</b>						
<b>Non-current assets</b>						
Investment properties	65,670,246	60,674,923	54,912,220	19,763,207	16,846,407	14,989,492
Plant and equipment	524,974	620,803	536,071	318,384	361,623	281,242
Investment in subsidiaries	-	-	-	14,640,612	14,640,612	13,814,663
Deferred tax asset	1,695,627	4,161,520	3,981,909	-	-	-
Other assets	71,274	14,163	20,458	71,274	14,163	20,458
<b>Total non-current assets</b>	<b>67,962,121</b>	<b>65,471,409</b>	<b>59,450,658</b>	<b>34,793,477</b>	<b>31,862,805</b>	<b>29,105,855</b>
<b>Current assets</b>						
Trade and other receivables	11,581,604	8,196,780	4,171,019	4,316,872	2,523,385	1,593,038
Assets held for sale	54,000	-	-	54,000	-	-
Cash and cash equivalents	194,355	160,064	2,568,534	78,782	11,315	49,560
<b>Total current assets</b>	<b>11,829,959</b>	<b>8,356,844</b>	<b>6,739,553</b>	<b>4,449,654</b>	<b>2,534,700</b>	<b>1,642,598</b>
<b>TOTAL ASSETS</b>	<b>79,792,080</b>	<b>73,828,253</b>	<b>66,190,211</b>	<b>39,243,131</b>	<b>34,397,505</b>	<b>30,748,453</b>

SUMMARY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	GROUP		COMPANY	
	31 Dec. 2020 K'000	31 Dec. 2019 K'000	31 Dec. 2020 K'000	31 Dec. 2019 K'000
At the beginning of the year	59,579,699	Restated 52,973,223	29,239,283	Restated 26,277,322
Distributable profit for the year	255,053	2,501,496	1,489,553	2,156,951
Non-distributable profit for the year	4,088,590	5,183,273	2,113,767	1,345,054
Dividend declared - Final 2019	(359,958)	(571,738)	(344,709)	(310,238)
Dividend declared - Interim 2020	(49,250)	(506,555)	-	(229,806)
IFRS 9 Impairment- prior year	-	-	-	-
	63,514,134	59,579,699	32,497,894	29,239,283

SUMMARY STATEMENT OF CASH FLOWS

	GROUP		COMPANY	
	31 Dec. 2020 K'000	31 Dec. 2019 K'000	31 Dec. 2020 K'000	31 Dec. 2019 K'000
<b>Cash flows from operating activities</b>				
Net cash generated by/(used in) operations	500,596	(120,195)	(275,985)	38,044
<b>Returns on investment and servicing of finance</b>				
Dividend received	-	-	415,500	1,561,750
Interest received	1,275,969	898,543	321,847	204,698
Interest paid	(805,979)	(813,516)	(179,061)	(82,290)
Dividend paid	(344,709)	(540,044)	(344,709)	(540,044)
Dividend paid to non-controlling shareholders	(64,500)	(538,250)	-	-
<b>Net cash flow from/(used in) returns on investment and servicing of finance</b>	<b>561,377</b>	<b>(1,113,462)</b>	<b>(62,408)</b>	<b>1,182,158</b>
Taxation paid	(945,200)	(1,140,544)	(552,075)	(557,316)
<b>Net cash (used in)/generated by operating activities</b>	<b>(383,823)</b>	<b>(2,254,006)</b>	<b>(614,483)</b>	<b>624,842</b>
<b>Addition to plant and equipment</b>	<b>(65,204)</b>	<b>(227,561)</b>	<b>(52,560)</b>	<b>(165,540)</b>
Additions to investment properties	-	(64,386)	-	(13,425)
Proceeds on disposal of equipment	372	7,260	372	7,259
Investment in subsidiary company	-	-	-	(825,948)
Staff long-term loan granted	(57,110)	6,295	(57,110)	6,295
<b>Net cash used in investing activities</b>	<b>(121,942)</b>	<b>(278,392)</b>	<b>(109,298)</b>	<b>(991,359)</b>
<b>Cash flow from financing activities</b>				
Repayment of borrowings	(254,376)	(175,013)	-	-
<b>Net cash used in financing activities</b>	<b>(254,376)</b>	<b>(175,013)</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(760,141)</b>	<b>(2,707,411)</b>	<b>(723,781)</b>	<b>(366,517)</b>
Cash and cash equivalents at the beginning of the year	(424,535)	2,282,876	(573,040)	(206,543)
<b>Cash and cash equivalents at the end of the year</b>	<b>(1,184,676)</b>	<b>(424,535)</b>	<b>(1,296,841)</b>	<b>(573,060)</b>

Basis of preparation

The summary consolidated and separate financial statements are prepared in order to meet 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 8th March 2021, and is available on the company's website, www.mpico.com.

2020 FINANCIAL YEAR RESULTS PUBLICATION COMMENTARY

Review of the results

Rental income decreased by 5% to MK6.3 billion in 2020 from MK6.6 billion in 2019. Fair value gains in current year at K5 billion were lower than the K5.7 billion recorded in 2019. The reduction in both rental income and fair value gains is mainly attributable to the unfavourable economic environment resulting from the impact of Covid-19 pandemic. Total operating expenditure for the year decreased to MK3.8 billion in 2020 from MK4.0 billion in 2019 due to relatively lower property expenses incurred in the current year.

Profit before tax of K9.2 billion was almost at par with that of 2019 at K9.3 billion. Profit after tax decreased by 57% to MK4.3 billion in 2020 from MK7.7 billion in 2019. This was mainly on account of a one-off deferred tax adjustment of K2.5 billion following de-recognition of the corresponding asset. It was prudently determined that based on current taxable profits projections in one of the subsidiaries in the Group, the utilisation of the tax asset would not materialise before the relevant statutory period expires.

Government rent arrears worsened to K8.7 billion from K5.8 billion in 2019 and continued to negatively impact the company's operations. Engagements with Government to settle the arrears were ongoing and significant progress was being made.

Outlook

The Covid-19 effects will continue in view of the reported resurgence in other parts of the world. There are, however, signs of the situation improving. The authorities have already started easing some of the gathering restriction measures that were imposed.

The Group has adaptive strategic plans to ensure that its stakeholders are provided with relevant property solutions and that shareholders' investment is protected.

Dividend

The Directors are recommending a final dividend of MK43.5 million representing 28 tambola per share, no interim dividend was paid during the year. The Company paid a dividend of MK374.5 from the profits of 2019 representing 25 tambola per share (MK229.8 million as interim in 2019 and MK344.7 million as final dividend in 2020). The Dividend will be paid after approval by the AGM to be held in June 2021.

By order of the Board:

Damien Kaloteka  
MANAGING DIRECTOR

Edith Jhya  
CHAIRPERSON

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

TO THE MEMBERS OF MPICO plc

Opinion

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statement of financial position as at 31 December 2020, 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 2020.

In our opinion, the accompanying summary consolidated and separate financial statements are a fair summary of the audited consolidated and separate financial statements of MPICO plc, and the basis described on the basis of preparation paragraph.

Summary consolidated and separate financial statements

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.

The audited consolidated and separate financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 8th March 2021. 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 year.

Directors Responsibility for the Summary Consolidated and Separate Financial Statements

Directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the "basis of preparation paragraph".

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are a fair summary of 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.

**Deloitte.**

Chartered Accountants  
Vilengo Beza  
Partner  
8th March 2021