



**PRESS CORPORATION PLC**

In millions of Malawi Kwacha

**STATEMENTS OF COMPREHENSIVE INCOME**

	CONSOLIDATED		SEPARATE	
	Audited 31-Dec-19	Audited 31-Dec-18	Audited 31-Dec-19	Audited 31-Dec-18
<b>Continuing operations</b>				
Revenue	220,066	214,420	431	388
Dividend income			10,454	10,129
Earnings before interest, tax, depreciation and amortisation	65,844	65,606	6,887	5,563
Depreciation and amortisation	(19,799)	(15,153)	(1,219)	(896)
Results from operating activities	46,045	50,453	5,778	4,667
Net interest (paid)/received	(7,160)	(2,995)	(1,420)	(431)
Exchange (losses)/gain	(163)	(155)	-	(231)
Net finance (cost)/income	(7,263)	(3,150)	(1,420)	(462)
Share of profit of equity-accounted investments	3,415	4,995	-	-
Profit before income tax	42,197	52,288	3,358	5,033
Income tax expense	(17,509)	(15,684)	(994)	(983)
Profit for the year from continuing operations	24,687	36,704	4,356	4,050
<b>Discontinued operations</b>				
Profit from discontinued operations	71	9	-	-
Other comprehensive income	24,758	36,713	4,356	4,050
<b>Profit for the year</b>	24,758	36,713	4,356	4,050
Total other comprehensive income, net of tax	3,062	7,669	23,233	38,716
<b>Total comprehensive income for the year</b>	27,820	44,382	27,589	42,766
<b>Profit attributable to:</b>				
Equity holders of the company	8,157	18,373	4,356	4,050
Non-controlling interest	16,661	18,348	-	-
<b>Total comprehensive income attributable to:</b>				
Equity holders of the company	8,157	23,192	27,589	42,766
Non-controlling interest	18,163	21,190	-	-
<b>Earnings per share</b>				
Basic and diluted earnings per share (MK)	67.86	152.85	-	-
Basic and diluted earnings per	67.27	152.78	-	-

**STATEMENTS OF FINANCIAL POSITION**

	CONSOLIDATED		SEPARATE	
	Audited 31-Dec-19	Audited 31-Dec-18	Audited 31-Dec-19	Audited 31-Dec-18
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment, right of use assets and investment properties	142,063	121,460	1,203	803
Intangibles	23,547	22,690	210	219
Investments in subsidiaries, joint ventures and associates	49,494	49,112	345,540	304,622
Other investments	52,362	19,315	3,963	6,069
Loans and advances	100,048	73,717	-	-
Long term receivables and contract assets	2,132	1,706	1,473	1,403
Deferred tax assets	19,984	8,412	-	-
<b>378,930</b>	<b>297,412</b>	<b>353,389</b>	<b>313,115</b>	
<b>Current assets</b>				
Other investments	127,574	131,578	-	-
Loans and advances	81,790	86,943	-	-
Trade and other receivables and contract assets	27,895	28,900	3,007	2,213
Other current assets	12,859	311	311	376
Cash and cash equivalents	58,934	64,581	2,432	5,056
<b>308,475</b>	<b>324,961</b>	<b>5,750</b>	<b>7,645</b>	
<b>Total assets</b>	<b>687,405</b>	<b>622,373</b>	<b>359,139</b>	<b>320,760</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Resued capital	2	1	-	-
Share premium	2,097	2,097	2,097	2,097
Reserves and retained earnings	155,302	148,814	275,177	250,715
<b>Total equity &amp; earnings attributable to equity holders of the parent</b>	<b>157,400</b>	<b>150,912</b>	<b>277,275</b>	<b>252,813</b>
<b>Minority interest</b>	<b>78,063</b>	<b>88,163</b>	-	-
<b>Total equity</b>	<b>235,463</b>	<b>239,075</b>	<b>277,275</b>	<b>252,813</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	5,521	4,560	67,916	53,711
Deferred revenue	119	141	-	-
Borrowings, lease liability and provisions	44,122	47,396	8,173	8,217
<b>49,762</b>	<b>52,097</b>	<b>76,089</b>	<b>61,928</b>	
<b>Current liabilities</b>				
Bank overdraft	7,986	6,212	4,251	3,782
Borrowings and lease liability	19,498	4,232	58	221
Other current liabilities	374,726	340,767	1,466	2,016
<b>402,190</b>	<b>351,211</b>	<b>5,775</b>	<b>6,019</b>	
<b>Total liabilities</b>	<b>451,942</b>	<b>403,208</b>	<b>81,864</b>	<b>67,947</b>
<b>Total equity and liabilities</b>	<b>687,405</b>	<b>622,373</b>	<b>359,139</b>	<b>320,760</b>

**STATEMENTS OF CASH FLOWS**

	CONSOLIDATED		SEPARATE	
	Audited 31-Dec-19	Audited 31-Dec-18	Audited 31-Dec-19	Audited 31-Dec-18
<b>Cash generated by / (used in) operations</b>	<b>47,398</b>	<b>40,889</b>	<b>(6,159)</b>	<b>(4,740)</b>
Interest paid, tax paid and refund	(22,178)	(21,448)	(2,765)	(2,530)
<b>Net cash from / (used in) operating activities</b>	<b>25,220</b>	<b>19,441</b>	<b>(7,914)</b>	<b>(7,370)</b>
<b>Investing activities</b>				
Proceeds from sale of property, plant and equipment	2,117	4,688	-	-
Interest received	1,614	2,326	373	93
Dividend received	3,464	2,514	10,454	10,129
Purchase of property, plant and equipment	(27,979)	(27,830)	(64)	(39)
Investment in subsidiaries	-	-	(2,493)	(9,327)
<b>Net cash (used in) / from investing activities</b>	<b>(20,784)</b>	<b>(18,304)</b>	<b>3,280</b>	<b>1,723</b>
<b>Financing activities</b>				
Net proceeds and repayment of long term borrowings and leasing	(619)	(3,462)	(332)	(3,510)
Dividends paid to shareholders of the Company	(3,127)	(3,127)	(3,127)	(3,127)
Dividend paid to non-controlling interest shareholders	(8,537)	-	-	-
<b>Net cash used in financing activities</b>	<b>(11,857)</b>	<b>(15,126)</b>	<b>(3,459)</b>	<b>383</b>
Net decrease in cash and cash equivalents	(7,421)	(13,989)	(3,993)	(5,264)
Cash and cash equivalents at start of the year	58,359	72,358	1,274	6,338
Cash and cash equivalents at end of the year	50,938	58,369	(1,819)	1,074

**SUMMARY OF AUDITED RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2019**

**STATEMENTS OF CHANGES IN EQUITY**

	CONSOLIDATED			SEPARATE		
	Owner's Equity	Non Controlling	Total	Owner's Equity	Non Controlling	Total
<b>As at 31 December 2019</b>	<b>150,912</b>	<b>68,163</b>	<b>219,075</b>	<b>252,813</b>	-	<b>252,813</b>
Balance at 1 January 2019	150,912	68,163	219,075	252,813	-	252,813
<b>Comprehensive income for the year</b>	<b>24,758</b>	<b>36,713</b>	<b>61,471</b>	<b>4,050</b>	<b>4,050</b>	<b>8,100</b>
Profit for the year	8,157	16,601	24,758	4,356	4,356	8,712
Other comprehensive income	1,560	1,502	3,062	23,233	23,233	46,466
Dividend to equity holders	(9,717)	(18,103)	(27,820)	(27,589)	(27,589)	(55,178)
Transactions reported directly in equity	(163)	(102)	(265)	(184)	(184)	(348)
Dividend to equity holders	(3,127)	(8,111)	(11,238)	(3,127)	(3,127)	(6,254)
Balance as at period end	157,400	78,063	235,463	277,275	-	277,275
<b>As at 31 December 2018</b>	<b>125,557</b>	<b>56,287</b>	<b>181,844</b>	<b>213,174</b>	-	<b>213,174</b>
Balance at 1 January 2018	125,557	56,287	181,844	213,174	-	213,174
<b>Comprehensive income for the year</b>	<b>24,758</b>	<b>36,713</b>	<b>61,471</b>	<b>4,050</b>	<b>4,050</b>	<b>8,100</b>
Profit for the year	18,373	18,340	36,713	4,050	4,050	8,100
Other comprehensive income	4,819	2,850	7,669	38,716	38,716	77,432
Dividend to equity holders	(23,192)	(21,190)	(44,382)	(42,766)	(42,766)	(85,532)
Transactions reported directly in equity	5,290	(777)	4,513	-	-	4,513
Dividend to equity holders	(3,127)	(8,537)	(11,664)	(3,127)	(3,127)	(6,254)
Balance as at period end	150,912	68,163	219,075	252,813	-	252,813

**SEGMENTAL PERFORMANCE**

	Financial Services	Telecommunications	Energy	Consumer Goods	All other segments	Total
<b>December 2019</b>						
Revenue	71,726	103,243	19,459	22,853	2,785	220,066
External revenues	1,269	3,078	-	-	-	4,347
Inter-segment revenue	73,035	106,321	19,459	22,853	2,785	225,197
Segment operating profit/(loss)	25,975	23,592	2,727	(2,425)	7,898	57,767
Segment interest income	-	82	964	-	363	1,509
Segment income tax expense	(716)	(5,122)	(1)	(1,543)	(2,578)	(9,960)
Segment profit/(loss)	17,096	11,802	2,144	(3,967)	4,651	31,726
Depreciation and amortisation	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	359,295	73,347	5,009	16,396	85,653	539,691
Capital additions	6,013	19,600	1,058	277	1,031	27,979
Reconciliation of profit on reportable segments to IFRS measures						
Total profit/(loss) for reportable segments	17,096	11,802	2,144	(3,967)	4,651	31,726
Adjustment due to different accounting policies	-	-	-	-	-	-
Elimination of dividend income from Group companies	-	-	-	-	(10,454)	(10,454)
Share of profit of equity accounted investees	-	-	-	-	3,415	3,415
Profit for discontinued operation	-	-	-	-	71	71
<b>Consolidated profit</b>	<b>17,096</b>	<b>11,802</b>	<b>2,144</b>	<b>(3,967)</b>	<b>4,211</b>	<b>24,758</b>
<b>December 2018</b>						
Revenue	63,326	102,220	17,036	28,909	2,909	214,420
External revenues	1,415	4,817	-	14	779	7,006
Inter-segment revenue	64,741	107,037	17,036	28,923	3,088	221,426
Segment revenue	22,339	28,313	1,236	(1,791)	5,408	55,565
Segment operating profit/(loss)	31	1,099	5	5	5	2,065
Segment interest income	(3,828)	(8)	(1,022)	(2,123)	(6,981)	(11,962)
Segment income tax (expense)/credit	(7,051)	(7,652)	(920)	49	(92)	(15,666)
<b>Segment Profit/(loss)</b>	<b>15,288</b>	<b>16,864</b>	<b>1,397</b>	<b>(2,759)</b>	<b>4,211</b>	<b>35,001</b>
Depreciation and amortisation	4,799	10,795	493	317	383	16,787
Segment assets	417,102	101,135	22,308	6,971	339,024	866,540
Segment liabilities	328,688	53,001	3,815	12,069	74,228	471,801
Capital additions	5,098	19,533	956	942	422	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
Adjustment due to different accounting policies	-	-	-	-	6,100	6,100
Elimination of dividend income from Group companies	-	-	-	-	(10,129)	(10,129)
Share of profit of equity accounted investees	-	-	-	-	4,995	4,995
Profit for discontinued operation	-	-	-	-	9	9
<b>Consolidated profit</b>	<b>15,288</b>	<b>17,541</b>	<b>1,397</b>	<b>(2,759)</b>	<b>5,246</b>	<b>36,713</b>

**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	27,979	27,830	54	39
Capital Expenditure committed	37,000	24,339	151	63
Finance lease commitments	22,561	26,575	-	-
Contingent liabilities	42,187	41,983	17,590	6,970
Linked investments at market value	-	-	238,034	202,035
Unlisted investments at directors' valuation	-	-	112,469	108,656

**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 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 MK3.88 billion arising from restructuring initiatives of the telecommunications segment and a one-off cost of MK2.5 billion in 2018 relating to functional reserve exercises in some of its companies. The underlying profit excluding the one-offs puts the current year profit at 3% below prior year results.

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-election disputes. Thus, revenue generation was impacted negatively in the Group registering only a 3% growth. The loss than satisfactory growth in revenue in part put pressure on working capital resulting in a 13% increase in net finance charges.

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

**SEGMENTAL PERFORMANCE**

**The Financial Services Segment (National Bank of Malawi plc)**  
The Bank continued with its good performance considering the operating landscape and retained a profit after tax of MK7.1 billion (2018: MK5.27 billion) representing a 7% increase. The results were after taking into account one-off staff rationalization costs incurred during the year amounting to MK6.12 million. Plans are now at an advanced stage for the Bank to make its first ever acquisition outside Malawi.

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