



PRESS CORPORATION PLC

In millions of Malawi Kwacha

STATEMENTS OF COMPREHENSIVE INCOME

	CONSOLIDATED		SEPARATE	
	Audited 31-Dec-20	Audited 31-Dec-19 Restated	Audited 31-Dec-20	Audited 31-Dec-19
Continuing operations				
Revenue	219,508	220,066	691	691
Dividend income	-	-	9,963	9,963
Earnings before interest, tax, depreciation and amortisation	65,210	63,605	6,366	6,873
Depreciation and amortisation	(19,977)	(19,299)	(397)	(371)
Profit from operating activities	45,233	44,306	6,269	6,776
Net interest (cost)/income	(6,748)	(7,600)	(1,400)	(1,436)
Exchange (losses)/gain	(817)	(103)	-	-
Net finance (cost)/income	(7,365)	(7,703)	(1,600)	(1,426)
Share of profit of equity-accounted investees	349	3,615	-	-
Profit before income tax	38,217	40,308	4,669	5,350
Income tax expense	(18,359)	(17,510)	(869)	(894)
Profit for the year from continuing operations	19,857	22,798	3,800	4,356
Discontinued operations				
Profit from discontinued operations	28	71	-	-
Profit for the year	19,885	22,869	3,800	4,356
Total other comprehensive income, net of tax	3,207	3,062	7,904	23,233
Total comprehensive income for the year	23,102	25,931	11,704	27,589
Profit attributable to:				
Equity holders of the company	3,590	7,377	3,800	4,356
Non-controlling interest	19,895	22,869	3,800	4,356
Total comprehensive income attributable to:				
Equity holders of the company	5,401	8,937	11,704	27,589
Non-controlling interest	17,791	16,994	-	-
	23,192	25,931	11,704	27,589
Earnings per share				
Basic and diluted earnings per share (MK)	28.67	61.37	-	-
Basic and diluted earnings per share (MK) (continuing operations)	28.61	60.78	-	-

STATEMENTS OF FINANCIAL POSITION

	CONSOLIDATED			SEPARATE		
	Audited 31-Dec-20	Audited 31-Dec-19 Restated	Audited 1-Jan-19 Restated	Audited 31-Dec-20	Audited 31-Dec-19	
ASSETS						
Non-current assets						
Property, plant and equipment, right of use assets and investment properties	162,742	142,063	121,460	1,319	1,203	
Intangibles	22,948	23,547	22,690	214	210	
Investments in subsidiaries, joint ventures and associates	46,548	48,694	49,112	347,900	346,540	
Other investments	99,927	62,362	19,316	4,129	3,963	
Loans and advances	147,386	100,048	73,717	-	-	
Long term receivables and contract assets	2,341	2,132	1,706	1,659	1,473	
Deferred tax assets	10,554	10,084	9,412	-	-	
	492,468	379,930	297,412	355,212	353,389	
Current assets						
Other investments	137,590	127,574	131,578	-	-	
Loans and advances	47,322	81,790	86,943	-	-	
Trade and other receivables and contract assets	32,241	27,896	28,900	5,022	3,007	
Other current assets	11,148	12,282	12,969	9,911	311	
Cash and cash equivalents	92,196	18,934	64,581	82	2,432	
	320,497	369,476	324,961	14,615	5,750	
Total assets	812,965	687,405	622,373	369,827	359,139	
EQUITY AND LIABILITIES						
Equity						
Issued capital	1	1	1	1	1	
Share premium	2,097	2,097	2,097	2,097	2,097	
Reserves and retained earnings	155,844	159,970	147,862	393,754	275,177	
Equity holders & earnings attributable to equity holders of the parent	157,942	162,068	149,960	285,852	277,275	
Minority interest	85,867	75,601	66,810	-	-	
Total equity	243,809	237,669	216,770	285,852	277,275	
Non-current liabilities						
Deferred tax liabilities	5,011	5,021	4,860	68,264	67,916	
Deferred revenue	207	119	141	-	-	
Borrowings, lease liability and provisions	49,831	44,122	47,386	4,890	8,173	
	55,198	49,762	52,087	73,154	76,089	
Current liabilities						
Bank overdraft	9,942	7,986	6,212	4,524	4,281	
Borrowings and lease liability	14,726	19,468	4,232	1,863	585	
Other current liabilities	489,927	379,300	343,072	4,604	1,466	
	514,195	406,734	353,516	10,821	5,775	
	569,334	466,136	405,603	83,975	81,864	
Total liabilities						
	812,965	687,405	622,373	369,827	359,139	

STATEMENTS OF CASH FLOWS

	CONSOLIDATED		SEPARATE	
	Audited 31-Dec-20	Audited 31-Dec-19 Restated	Audited 31-Dec-20	Audited 31-Dec-19
Cash generated by (used in) operations				
Interest paid, tax paid and refund	101,872	47,398	(3,076)	(5,150)
Net cash from (used in) operating activities	(27,959)	(22,178)	(3,152)	(2,764)
Investing activities				
Proceeds from sale of property, plant and equipment	957	2,117	1	-
Interest received	2,136	1,614	279	373
Dividend received	2,841	3,464	9,963	10,454
Purchase of property, plant and equipment	(29,320)	(27,979)	(119)	(164)
Investment in subsidiaries	-	-	(1,574)	(2,469)
Net cash (used in) / from investing activities	(23,788)	(20,784)	8,540	8,280
Financing activities				
Net proceeds and repayment of long term borrowings and leasing	(7,988)	(619)	(1,678)	(332)
Dividends paid to shareholders of the Company	(3,127)	(3,127)	(3,127)	(3,127)
Dividend paid to non-controlling interest shareholders	(7,819)	(8,111)	-	-
Net cash used in financing activities	(18,730)	(11,857)	(4,805)	(3,469)
Net decrease in cash and cash equivalents	31,406	(7,421)	(2,523)	(3,009)
Cash and cash equivalents at start of the year	59,948	66,369	(1,819)	1,274
Cash and cash equivalents at end of the year	82,354	59,948	(4,342)	(1,819)

SUMMARY OF AUDITED RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2020

STATEMENTS OF CHANGES IN EQUITY

	CONSOLIDATED		SEPARATE	
	Owner's Equity	Non Controlling	Total	Total
As at 31 December 2020				
Balance at 1 January 2020 as previously stated	157,400	78,063	235,463	-
Prior year adjustment	(11,732)	(2,462)	(14,194)	277,275
Balance at 1 January 2020 as restated	155,668	75,601	231,269	277,275
Comprehensive income for the year	3,090	16,305	19,895	3,800
Profit for the year	1,811	1,396	3,207	7,904
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	5,401	17,701	23,102	11,704
Transactions recorded directly in equity	(3,127)	(7,615)	(10,742)	(3,127)
Dividend to equity holders	-	-	-	-
Balance as at period end	157,342	68,687	243,629	285,852
As at 31 December 2019				
Balance at 1 January 2019 as previously stated	150,912	68,163	219,075	252,813
Prior year adjustment	(952)	(1,353)	(2,305)	-
Balance at 1 January 2019 as restated	149,960	66,810	216,770	252,813
Comprehensive income for the year	7,377	15,492	22,869	4,356
Profit for the year	1,560	1,502	3,062	23,233
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	8,937	16,994	25,931	27,589
Transactions reported directly in equity	(102)	(92)	(194)	-
Dividend to equity holders	(8,127)	(8,111)	(16,238)	(3,127)
Balance as at period end	155,668	75,601	231,269	277,275

SEGMENTAL PERFORMANCE

	Financial Services	Telecommunications	Energy	Consumer Goods	All other segments	Total
December 2020						
Revenue	80,306	96,233	23,042	16,610	2,687	219,508
Inter-segment revenue	736	2,999	3	1,010	-	4,748
Segment revenue	81,072	99,232	23,042	16,613	3,697	224,256
Segment operating profit/(loss)	33,476	15,592	4,859	(4,094)	6,814	56,647
Segment interest income	-	395	1,411	1	293	2,100
Segment interest expense	(576)	(5,415)	(7)	(1,794)	(2,698)	(10,400)
Segment interest tax expense	(10,392)	(5,208)	(1,824)	-	(1,125)	(18,349)
Segment Profit/(loss)	22,508	5,364	4,839	(5,887)	3,284	29,908
Depreciation and amortisation	4,291	16,295	674	989	527	21,776
Segment assets	572,693	140,957	31,235	4,259	399,448	1,148,952
Segment liabilities	454,776	92,942	5,866	187,196	69,522	705,292
Capital additions	4,101	21,242	3,264	118	597	29,312
Reconciliation of profit on reportable segments to FRS measures						
Total profit/(loss) for reportable segments	22,508	5,364	4,839	(5,887)	3,284	29,908
Elimination of dividend income from Group companies	-	-	-	-	(9,963)	(9,963)
Share of profit of equity accounted investees	-	-	-	-	349	349
Impairment of Goodwill attributable to Group reporting Profit for discontinued operation	-	-	-	-	(427)	(427)
Consolidated profit	22,508	5,364	4,839	(5,887)	(6,729)	19,885
December 2019 - Restated						
Revenue	71,726	103,243	19,459	22,853	2,785	220,066
Inter-segment revenue	1,309	3,078	6	729	-	5,113
Segment revenue	73,035	106,321	19,459	22,859	3,505	225,179
Segment operating profit/(loss)	25,975	21,703	2,727	(2,425)	7,888	55,878
Segment interest income	(716)	82	964	1	383	1,430
Segment interest expense	(1,161)	(5,122)	(1)	(1,543)	(2,578)	(9,906)
Segment interest tax (expense)/credit	(8,163)	(6,750)	(1,446)	-	(1,052)	(17,211)
Segment Profit/(loss)	17,096	9,913	2,144	(3,967)	4,691	29,837
Depreciation and amortisation	4,351	14,878	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	77,541	5,000	16,396	85,653	543,885
Capital additions	6,013	19,600	1,058	277	1,031	27,979
Reconciliation of profit on reportable segments to FRS measures						
Total profit/(loss) for reportable segments	17,096	9,913	2,144	(3,967)	4,691	29,837
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
Consolidated profit	17,096	9,913	2,144	(3,967)	(2,317)	22,869

OTHER INFORMATION

	CONSOLIDATED		SEPARATE	
	Audited 31-Dec-20	Audited 31-Dec-19	Audited 31-Dec-20	Audited 31-Dec-19
Capital Expenditure for the period	20,164	27,079	129	54
United investments at market value	60,311	37,000	256	151
Finance lease commitments	22,209	22,561	-	-
Contingent liabilities	53,800	42,187	17,100	17,500
United investments at directors' valuation	-	-	238,034	238,034
	-	-	100,365	112,469

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 consolidated and separate financial statements.

The Board is therefore pleased to present results for Press Corporation PLC for the twelve-month period ended 31st December 2020.

THE OPERATING ENVIRONMENT

The year was defined by the global COVID-19 pandemic and the attendant preventative measures that severely restricted business and commerce affecting all areas of the economy. Locally, the situation was further exacerbated by the unsettling effects of the pre and post from presidential election activities which led to a highly unpredictable economic landscape. As a consequence, economic growth estimated at 0.6% was significantly down when compared to the pre-pandemic estimates of around 5.5%.

PERFORMANCE OVERVIEW

GROUP RESULTS

Granted the very difficult operating environment, the Group registered respectable results. Group profit before tax for the period at MK25.2 billion (2019: MK40.31 billion) was 5% lower than prior year. Most Group companies could not meet planned turnover levels and Group revenues were just level with prior year. Profit after tax at K19.90 billion (2019: K22.87 billion) was 13% down on prior year.

Results were further negatively impacted by a 90% decline in profit from equity accounted investments largely due to losses incurred in the Beverage and Bottling Company occasioned by an exchange loss amounting to MK3.38 billion (2019: MK255 million).

In addition, Directors found it prudent to make a provision, pending resolution, in respect of Value Added Tax claims in the mobile phone company by the Malawi Revenue Authority amounting to MK2.3 billion (2019: MK1.1 billion) following a tax audit. Accordingly, 2019 results were also re-stated to take this provision into account.

NEW INVESTMENTS: LifoCo and Akiba Bank

During the year, the Group made a 49.5% investment in LifoCo Holdings Limited, a newly formed life insurance, pension administration and asset management business. The company started its operations in January 2021 immediately upon being granted the requisite licenses by the Registrar of Financial Institutions. Similarly, National Bank of Malawi acquired a controlling stake in Akiba Bank, a potentially high growth bank in Tanzania, as part of the Group's growth strategy in the region.

BUSINESS DIVESTURE: Castel Malawi Ltd

After assessing the various operational and regulatory issues that continue to negatively affect Castel Malawi Limited, Directors concluded that it would be in the best interest of the Group to divest 20% stake in the company. Negotiations to that effect have been concluded at a price of USD12 million, and the proceeds will be realized in 2021. The investment has been disclosed as held for sale in the financial statements.

SEGMENTAL PERFORMANCE

The Financial Services Segment (National Bank of Malawi PLC)

The Bank delivered strong results with a 31% growth in its profit after tax. Results were driven by a 17% growth in non-interest income and a 27% growth in revenue in customer deposits and the loan book respectively. The bank's efforts to improve the quality of the loan book saw a 46% reduction in net impairment losses. Going forward, the focus is to reduce the level of Non-Performing Loans to be within the bank's risk appetite.

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

The segment registered a 48% decline in its profit after tax. The decline in the company continued to make losses, albeit, lower than last year. The mobile phone company registered a 48% decline on its net earnings, due to challenges faced in revenue generation as critical equipment needed for capacity and efficiency improvements was delayed due to lockdowns in countries of origin. This is in addition to the impact of its processors as already alluded to above. The company's performance is on track and is expected to recover and deliver strong results in the ensuing year.

The Energy Segment (thermal manufacturing: Press-Cone and Ethel)

The segment delivered excellent results and registered a 118% growth in its profit after tax. The performance was driven by improved margins following the agreement of a new pricing model with the Malawi Energy Regulatory Authority. Results were further buoyed by an uplift from the production of hand sanitizers, a new product line, in the wake of COVID-19 pandemic, supported by the availability of a strong supply chain and cost control over the previous year.

The Consumer Goods Segment (retail chain: Peoples)

PTC continued to make losses mainly due to working capital constraints which is also undermining the implementation of the revised strategy plan. The board is considering several strategic options including, but not limited to, leveraging new investors into the company.

All-Other Segment: (fish farming: Maldeco and real estate: Press Properties)

The Food & Consumer Limited reported a loss. The company was hit hardest by the impact of COVID-19 on its imported feed supply chain, as well as the restrictions on the hospitality industry and the closure of learning institutions.

The real estate business registered the same profit as prior year. Demand for lettable properties was subdued and the market was under pressure for downward revision of rental as one of the consequences of the COVID-19 pandemic.

Equity accounted businesses: (Joint venture: FOM, a retail distribution company and Masitani, a meat processing and trading company; Associated companies: Limbe Ltd, a tobacco processing company; Castel Malawi Ltd, a bottling and brewing company; and Open Connect Limited, a telecom fibre back bone infrastructure company)

Profit from the segment declined by 90% mainly due to a loss incurred in the Bottling and Brewing business as a result of an increase in exchange losses as already alluded to above. Similarly, results from other equity accounted investees were also lower than prior year mainly due to the impact of COVID-19 and delays in shipping of tobacco following a Withhold Release Order on Malawi tobacco. The order was since cleared.