



Financial statements for the year ended 31st March, 2017



RESULTS FOR YEAR ENDED 31 MARCH 2017

Pursuant to the Press Trust Reconstruction Act (PTRA) (Cap 5:04 of the Laws of Malawi), we report below results for the year ended 31 March 2017.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

The summary consolidated and separate financial statements, which comprise the summary statements of financial position as at 31 March 2017 and the summary statements of comprehensive income, are derived from the audited consolidated and separate financial statements of Press Trust and its subsidiaries Press Trust Overseas Limited (PTOL) and Press Agriculture Limited (PAL) for the year ended 31 March 2017.

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, in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the Trustees Incorporation Act.

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 and the Malawi Companies Act. 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 21 July 2017. That report also includes:

- A Material uncertainty related to Going Concern.* The group incurred a deficit of K332 million during the year ended 31 March 2017 and, as at that date, the group had net current liabilities of K813 million and had an accumulated deficit of K4 060 million. These factors, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.
- The communication of key audit matters.* 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 of the current year.

Trustees' Responsibility for the Summary Consolidated Financial Statements

The Trustees are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the Trustees Incorporation Act and for such internal control as the trustees determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated and separate financial statements were 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 810 (Revised), Engagements to Report on Summary Financial Statements.

STATEMENTS OF FINANCIAL POSITION 31 March 2017

	TRUST		GROUP	
	2017 K'000	2016 K'000	2017 K'000	2016 K'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	478 824	481 068	10 768 787	6 136 721
Listed equity investments	36 638 321	35 184 065	38 229 372	36 507 250
Unlisted equity investments	232 328	232 328	232 448	232 448
Investments in subsidiaries	1 588 343	1 398 806	-	-
Loans due from Press Agriculture	6 009 956	5 824 750	-	-
Provision against loans due from Press Agriculture	(6 009 956)	(5 824 750)	-	-
Standing crops – growing timber	-	-	129 327	160 058
Total non-current assets	<u>38 937 816</u>	<u>37 296 267</u>	<u>49 359 934</u>	<u>43 036 477</u>
CURRENT ASSETS				
Standing crops/other growing crops	-	-	600 084	568 625
Inventories	-	-	363 005	110 459
Receivables and prepayments	84 348	54 296	148 415	230 834
Bank balances and cash	1 205 256	864 848	1 208 718	952 800
Funds held by brokers	-	-	300	273
Assets held for sale and discontinued operations	-	-	155 484	191 489
Tax recoverable	-	-	2 597	82 032
Total current assets	<u>1 289 604</u>	<u>919 144</u>	<u>2 478 603</u>	<u>2 136 512</u>
TOTAL ASSETS	<u>40 227 420</u>	<u>38 215 411</u>	<u>51 838 537</u>	<u>45 172 989</u>
RESERVES AND LIABILITIES				
RESERVES				
<i>Non-distributable reserves</i>				
Fair value reserve on listed investments	35 669 101	34 425 284	38 321 443	36 874 045
Fair value reserve on unlisted investments	12 980	12 980	12 980	12 980
Fair value of foreign investments	1 392 629	1 203 264	-	-
Property revaluation reserve	<u>166 328</u>	<u>166 328</u>	<u>11 106 295</u>	<u>6 805 735</u>
Total non-distributable reserves	37 241 038	35 807 856	49 440 718	43 692 760
General fund	<u>1 970 615</u>	<u>1 573 688</u>	<u>(4 059 968)</u>	<u>(3 727 835)</u>
Total reserves (page 10 and 11)	39 211 653	37 381 544	45 380 750	39 964 925
Non-controlling interest	-	-	(684 473)	(844 437)
Equity attributable to equity holders of the parent	<u>39 211 653</u>	<u>37 381 544</u>	<u>44 696 277</u>	<u>39 120 488</u>
NON-CURRENT LIABILITIES				
Sublease fees	-	-	1 620 851	475 809
Deferred tax	-	-	1 977 531	1 395 931
Long-term borrowings	-	-	252 769	1 748 434
Total non-current liabilities	-	-	<u>3 851 151</u>	<u>3 620 174</u>
CURRENT LIABILITIES				
Project funding	928 600	776 270	928 600	776 270
Bank overdraft	10 080	3 919	69 812	310 941
Sublease fees	-	-	93 112	29 984
Current portion of long-term borrowings	-	-	1 250 023	363 273
Provisions	-	-	35 424	189 632
Accounts payable	77 087	53 678	853 372	701 461
Tax Payable	-	-	60 766	60 766
Total current liabilities	<u>1 015 767</u>	<u>833 867</u>	<u>3 291 109</u>	<u>2 432 327</u>
TOTAL RESERVES AND LIABILITIES	<u>40 227 420</u>	<u>38 215 411</u>	<u>51 838 537</u>	<u>45 172 989</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 21 July, 2017 and were signed on its behalf by:

MAYER CHISANGA, SC
CHAIRPERSON

AUDREY MWALA (Mrs.)
TRUSTEE

STATEMENTS OF COMPREHENSIVE INCOME For the year ended 31 March 2017

	TRUST		GROUP	
	2017 K'000	2016 K'000	2017 K'000	2016 K'000
INCOME				
Turnover	-	-	1 028 674	1 662 466
Cost of sales	-	-	(822 074)	(1 014 409)
Gross profit	-	-	206 600	648 057
Dividend income	798 611	959 397	798 611	959 397
Interest income	429 830	220 058	696 167	111 238
Other income	<u>383 999</u>	<u>1 815 287</u>	<u>615 391</u>	<u>446 231</u>
Total income	1 612 440	2 994 742	2 316 769	2 164 923
OPERATING EXPENDITURE				
Administration expenditure	(618 961)	(642 541)	(1 725 586)	(1 761 852)
Exchange losses	-	-	(156 593)	(392 979)
EXCESS OF INCOME OVER OPERATING EXPENDITURE	993 479	2 352 201	434 590	10 092
Net increase in provision for doubtful loans	(185 282)	(3 164 667)	-	-
Interest expense	-	-	(368 770)	(1 211 870)
Reversal of impairment of staff and other receivables	15 262	-	15 262	-
Realised profit on sale of equities	-	1 765 186	-	1 765 186
SURPLUS BEFORE CHARITABLE EXPENDITURE	<u>823 459</u>	<u>952 720</u>	<u>81 082</u>	<u>563 408</u>
CHARITABLE EXPENDITURE				
Project funding approvals	(416 614)	(765 634)	(416 613)	(765 634)
Completed/discontinued projects under provision	26 970	28 961	26 970	28 961
Donations	<u>(36 887)</u>	<u>(33 684)</u>	<u>(36 887)</u>	<u>(33 684)</u>
Total charitable expenditure	<u>(426 531)</u>	<u>(770 357)</u>	<u>(426 530)</u>	<u>(770 357)</u>
Surplus/ (deficit) before tax	396 928	182 363	(345 448)	(206 949)
Taxation	-	-	13 315	(18 058)
SURPLUS/ (DEFICIT) FOR THE YEAR TRANSFERRED TO GENERAL FUND	<u>396 928</u>	<u>182 363</u>	<u>(332 133)</u>	<u>(225 007)</u>
OTHER COMPREHENSIVE INCOME				
Revaluation surplus	-	-	4 895 474	650 472
Deferred tax	-	-	(594 915)	18 413
Fair value gain on available for sale financial assets	1 243 817	3 413 518	1 358 915	3 371 327
Exchange differences on translating foreign operation	<u>88 483</u>	<u>963 837</u>	<u>88 483</u>	<u>963 837</u>
TOTAL OTHER COMPREHENSIVE INCOME	<u>1 332 300</u>	<u>4 377 355</u>	<u>5 747 957</u>	<u>5 004 049</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1 729 228</u>	<u>4 559 718</u>	<u>5 415 824</u>	<u>4 779 042</u>
Attributable to the parent	-	-	5 255 860	5 235 105
Non-controlling interest	-	-	(159 964)	(436 063)
Total	-	-	<u>5 415 824</u>	<u>4 799 042</u>

Board Composition

The composition of the Board of Trustees during the year was as follows:

Mrs. Esther Chioko (Chairperson)	-	Full year
Mrs. Nancy Tembo	-	Full year
Mr. Jim Nsomba	-	Full year
Mr. Mayer Chisanga, SC	-	Full year
Eng. Wilson Chirwa	-	Full year
Dr. George Kayambo	-	(Trustee up to 19th August, 2016)
Mr. Tony Kandiero	-	(Trustee up to 19th August, 2016)
Mrs. Audrey Mwala	-	(Trustee from 8th September, 2016)
Ms. Linda Phiri	-	(Trustee from 8th September, 2016)

In terms of Section 6 (l) (i) of the Deed of Variation annexed to the PTRA, the Chairperson of the Board of Trustees of Press Trust holds office for one year and is elected from amongst the Trustees at the Annual General Meeting (AGM) of the Trust. In line with this requirement, at the 20th Annual General Meeting held on 21st July 2017 Trustees elected Mr. Mayer Chisanga, SC as the new Chairperson replacing Mrs. Esther Chioko.

Object of the Trust

The main object of the Trust is to make donations, grants and contributions to persons or institutions for charitable purposes which are in the interest and for the benefit of the people of Malawi including the advancement of their education, health, social welfare and housing (National Benefits Purposes (NBPs).

During the year ended 31 March, 2017, the Trust approved projects and disbursed funds as follows:
Project funding (Trust and group)
For the year ended 31 March 2017

The list of project funding and donations in alphabetical order is as follows:

	Brought from 2016 K'000	Disbursement K'000	Approvals accrued K'000	Completed Projects K'000	Carried forward to 2017 K'000
Chikonde II Primary School Project	93 526	(36 958)	-	-	56 568
Chikunkha Primary School Project	-	-	65 800	-	65 800
Chimwewe Primary School Project	19 045	(17 532)	-	-	1 513
Chisamba Dispensary Salima Project	75 000	(89)	-	-	74 911
Department of Forestry	(2 175)	-	2 445	-	270
Disaster Relief Fund	10 005	(11 998)	2 880	-	887
Dowa Secondary School Project	-	-	65 530	-	65 530
Economics Association of Malawi	(999)	(3 045)	4 045	-	1
Kamuzu Academy – National Science Fair	4 467	(4 306)	460	-	621
Loudon Teachers Training Project	30 574	(1 529)	-	-	29 045
Malawi Union of the Blind	-	(6 640)	6 800	-	160
Matapila Health Centre Project	62 734	(42 164)	-	-	20 570
Mchengautuwa CDSS	9 384	-	-	-	9 384
Ministry of Education	1	-	-	-	1
Mother's Day Donations	509	(3 910)	4 900	1	499
Mpiri Secondary School	-	-	67 260	-	67 260
Mweniindo CDSS Project	3 255	-	-	-	255
Mzambazi Rural Hospital	1 450	(1 437)	-	-	13
Naming'azi Primary School Project	29 517	(2 547)	-	(26 970)	-
Njini Health Centre Project	67 000	(65)	-	-	66 935
Nkhoma University Project	4 818	(3 874)	-	-	944
Nsamba Primary School Project	-	-	37 843	-	37 843
Nsenjere CDSS Project	20 412	(27 359)	10 615	-	3 668
Nyungwe Health Centre Project	67 000	(89)	-	-	66 911
Operation Smile	1	(5 821)	20 000	-	14 180
Phalombe TTC College Project	-	-	58 598	-	58 598
Pitala Primary School Project	60 130	(65)	-	-	60 065
Police Dispensary Northern Region	55 000	(89)	-	-	54 911
Projects Monitoring and Evaluation	321	(643)	-	-	(322)
Projects Promotional Activities	9 807	(27 884)	18 077	-	-
Pundu CDSS Project	15 554	(30 636)	16 360	-	1 278
Put a Child on a Desk Programme	1 973	(8 633)	35 000	-	28 340
Thomasi Health Centre	137 961	-	-	-	137 961
Sub-Total	776 270	237 313	416 613	(26 970)	928 600

TRUST AND GROUP

	2017 K'000
Donations	
Blantyre Teachers College	1 500
Think Pink	495
Chatinkha Maternal Wing Support (CHAMACA)	3 353
MANASO	250
MBC Innovation Awards	2 000
Media Institute of Southern Africa (Malawi)	1 302
Media Council of Malawi	600
Press Trust Merit Bursary	27 387
Total donations	36 887

To qualify for funding, a project must first of all fall within the NBPs. In addition, it must meet the following general criteria:

- Benefit a wider community;
- Be in line with the key focus areas of education, health, social welfare, housing, culture, good governance, skills and job creation or environmental conservation; and
- Be viable or self-sustaining.

GROUP FINANCIAL REVIEW

The Press Trust Group is made up of two (2) subsidiaries, namely, Press Trust Overseas Limited (an investment company) and Press Agriculture Limited (a farming company). Press Trust has significant investments in five (5) companies namely Press Corporation Limited, Blantyre Hotels Limited, Kang'ombe Investments Limited, Continental Holdings Limited and Mwaiwathu Private Hospital Limited. Furthermore, Press Trust has also invested widely on the Malawi Stock Exchange.

The Board is pleased to announce the results of the Group for the year ended 31st March 2017. Total income of the Group increased by 7% from K2.2 billion in 2016 to K2.3 billion in 2017 mainly due to interest income realised in money market investments and promissory notes in respect of sale of estates by Press Agriculture Limited. The total Group comprehensive income for the year also increased by 13% from K4.8 billion in 2016 to K5.4 billion in 2017. This upward movement in comprehensive income for the group mainly emanate from revaluation of Press Agriculture Limited land and buildings. The group incurred a deficit of K332 million (2016: deficit of K225 million) and the Trust realised a surplus of K397 million (2016: K182 million) during the year ended 31 March 2017 and, as at that date, the group had net current liabilities of K813 million (2016: K296 million) and the Trust had net current assets of K274 million (2016: K85 million). The group had accumulated deficit of K4 060 million (2016: K3 727 million) and the Trust had accumulated surplus of K1 971 million (2016: K1 574 million).

The Trustees are aware of the financial and technical challenges the group's subsidiary, Press Agriculture Limited (PAL) is facing. In view of this, Trustees endorsed PAL's 10-year strategic plan and beginning the 2017/18 season, plans are under way to recapitalise the company's operations to the tune of USD7 million by investing in essential farm equipment and supplementary irrigation infrastructure. In the medium term, the Company plans to set up a processing factory to start adding value to its produce targeting the export market. Press Agriculture Limited further plans to secure adequate working capital financing to progressively increase crop production from the current 4,050 hectares to 11,800 hectares by the 2025/26 season. In the 2017/18 season, the Company plans to grow 9,000 hectares of various seed and commercial crops. The improvements in macroeconomic fundamentals, especially the deceleration of inflation and the reduction in lending rates coupled with the relative stability of the Malawi Kwacha, will help ease the financing costs during implementation of the strategic plan. Trustees continue to provide maximum support to the subsidiary and discussions were at an advanced stage to restructure PAL's balance sheet by converting its indebtedness with Press Trust and Press Trust Overseas Limited into redeemable preference shares. The Board of PAL and Trustees are therefore confident that PAL will successfully exploit the export market and return to growth in the short term. Accordingly, PAL continues to actively seek equity partners to jointly invest with it.

Any correspondence should be forwarded to the Chief Executive Officer at either of the following addresses:

Physical address	Postal address
9th Floor	Private Bag 359
Kang'ombe House	Capital City
City Centre	LILONGWE 3
LILONGWE	Tel: 01 772 844
	Fax: 01 771 692