PRESS TRUST

REVIEW 2016 - 2017

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CHAIRPERSON'S STATEMENT

Malawi has benefited from two decades of successful implementation of development work by Press Trust from the time it established its permanent Secretariat in Lilongwe in 1997. This followed its reconstruction through the enactment of the Press Trust Reconstruction Act (PTRA) in 1995. I am therefore extremely pleased to report that during the past twenty years, Press Trust has proved able first to mobilise locally, and then generously donate, close to MK3.8 billion (equivalent to US$26 million) to support various social development projects throughout the country. Indeed, I am proud to present to you, my fellow citizens, our Report for the past two years from 1st April 2015 to 31st March 2017.

OPERATING ENVIRONMENT

The period under review continued to be challenging for our country. As explained in the Executive Secretary's Report, the country's economic performance stagnated over the reporting period owing to a number of factors. Indeed, the country could not quickly recover from the unfavourable El Nino weather conditions which had almost paralysed the agriculture sector. Furthermore, key economic sectors continued to suffer from high interest rates and utility costs. Heavy load shedding and dwindling water production exacerbated the grim economic reality.

On a positive note, the authorities have continued to respond to these economic challenges by attracting investment to improve the country's infrastructure. The notable investments are in water supply, roads, and power generation and distribution sectors. There is therefore hope that with such commitment coupled with the resolve to implement public service reforms, the country could soon realise meaningful economic growth. Press Trust stands ready to support the Government in this endeavour by continuing to invest in the productive sectors of the country.

PERFORMANCE

Press Trust is proud of its noble mission of providing charitable support for socio-economic development of the country and in fulfilling it, reaching out and serving the most under-served communities in the remotest areas of our country. As shown elsewhere in this Report, charitable funding for social development projects for the period under review was 67.4% of net income available for project funding which was in line with our enabling legislation, the PTRA. As such, the donations made during the period do not only fulfil the mandate of the Trust but they also demonstrate the desire of the Trustees to support more communities in their social development work.

Despite the challenging economic climate, total income earned by the Group as shown in the Audited Accounts, rose year-on-year by an average of 10.86% during the period from MK1.89 billion in 2015 to MK2.32 billion in 2017. It is also pleasing to note that the net worth of the Trust Fund recorded in the statement of financial position actually grew year-on-year by an average of 13% during the period under review from MK34.74 billion in April 2015 to MK44.7 billion as at 31st March 2017. This was largely on account of capital gains recorded on listed equity securities and appreciation in the value of landed properties.

STRATEGIC DIRECTION

The Trust is in the process of formulating a successor strategic plan to cover the next five years. Going forward, the strategic focus of the Trust will be threefold, namely, consolidating its position in performing investments and divesting from non-performing assets, expanding and systematically refocusing its social development work through sustainable partnerships, and harnessing technology in all its operations. The social development needs of our country are many but as a nation, we need to remain focused on tackling these daunting challenges with resolve. The Trust will therefore continue strengthening its donor capabilities so that its ultimate goal of ensuring that every community in this country benefits from the Trust fund is realised.

The Trust will therefore continue to vigorously pursue its strategic objectives, especially in partnering with other local and foreign philanthropic organisations and indeed the broader donor community to increase further our latitude for social development work. Even though the Trust has depended entirely on income as stated above from its investments to fulfil its mission from the time it was reconstructed in 1995, we strongly believe that there is benefit to be had in collaborating fully with other players in social development work.

BOARD OF TRUSTEES

Since its reconstruction in 1995, the Trust has benefitted from the unique talent and exceptional leadership of all Trustees who have served it with humility and have demonstrated at all times the wisdom and maturity which justified their appointment. I make special mention here of the following Trustees: Prof. Peter N Mwanza, Mr Ben Chidyaonga, Dr George H Kayambo and Mr Tony Kandiero who successfully completed their respective two terms of office during the period under review. All the four Trustees had served as Chairperson of the Trust at various times and all had a burning passion to serve their fellow citizens through the Trust. I took over the chairmanship of the Trust from Trustee Kayambo who had handed over so many social development projects funded by the Trust than any other Trustee before him and for that, the Trust would remain forever grateful to his selfless service and for his patriotism.

Following the retirement of Trustees Mwanza and Chidyaonga, Trustees unanimously appointed Mr Mayer G Chisanga, SC and Eng. Wilson Chirwa to the Board of Trustees of Press Trust. The two Trustees have already proven themselves invaluable to the cause of Press Trust and indeed, we welcome them in the task of taking the Trust forward.

I am also extremely pleased that during my tenure as Chairperson of the Trust, we have doubled the number of women on the Board of Trustees to four by appointing Mrs Audrey Mwala and Mrs Linda Phiri as Ordinary Trustees. I welcome them both to the service of their country through the Trust. Indeed, for the first time ever in the history of the Trust, women are in majority at the Board, a rare achievement.

As indicated in the Corporate Governance Statement, the Trust continued to voluntarily comply with the international guidelines on corporate governance over the period. All Board Committees comprising Human Resources, Finance and Audit, and Operations, Risk and Investments were very active throughout the period and fulfilled their various mandates with exemplary professionalism. More importantly, Trustees continued to comply with the PTRA.

It is necessary to record of the Trustees that their efforts and dedication to the task in hand go unrewarded in any way, save the satisfaction derived by them in serving their country at a very high level. Refinements to the PTRA are being pursued with a view to even greater motivation at Board and individual Trustee level and greater latitude in our portfolio handling.

MANAGEMENT AND STAFF

During the period under review, the Executive Secretary with a staff complement of only fourteen members have continued to implement the wishes, instructions and resolutions of Trustees with exemplary dedication and with remarkable efficiency and effectiveness. Most importantly, it is pleasing to note that they have achieved their work with unparalleled success. I thank them most sincerely for their energetic pursuit of our mandatory targets.

FUTURE PROSPECTS

Trustees are very optimistic about business prospects in 2018 and beyond. The improvements in the macroeconomic fundamentals observed in 2017 give us much hope that our plans to revamp the operations in Press Agriculture Limited will bear fruit. If that is realised, the economic benefits to the country from that investment will be many, ranging from generation of foreign exchange, increased employment and enhanced contribution to the country's food security. Indeed, our continued investments in other sectors on the local market will certainly benefit from the improvements in the economy.

Our aim therefore remains that Press Trust retains and further strengthens its role in Malawi as a major and foremost indigenous philanthropic institution and development catalyst. Trustees are hopeful that, with the implementation of the new Strategic Plan, the nation will see the status of Press Trust - as showpiece demonstration of the successful implementation of the principles of democracy, transparency and accountability - become renowned. I therefore look forward, with my colleague Trustees, to many more years in the attainment of our country's development goals and, in doing so, to being of real service to my fellow citizens of Malawi.

ESTHER CHIOKO (MRS)
CHAIRPERSON

TRUSTEES

MRS. ESTHER CHIOKO (CHAIRPERSON)

Mrs Esther Chioko is a business executive and is married with two children. After completing her Diploma in Business Studies at the Polytechnic, she joined the Press Group of Companies in 1976 where she worked for eight years before joining the Small Enterprise Development Organisation of Malawi (SEDOM) in 1984. In 1990, she graduated from the University of Stirling in the United Kingdom with an MBA. She then continued to work in various capacities for SEDOM where she was regularly promoted. In 1995 she was promoted to head SEDOM as General Manager, a position she held for nine years until 2004, when she was appointed to head Air Malawi Limited as Chief Executive Officer. She left Air Malawi Limited in 2006.

Mrs. Chioko has served as Chairperson and Board Member of parastatals and key private companies including Malawi Revenue Authority (MRA), ADMARC Investment Holdings Company Limited, Oilcom (now BP Malawi), Malawi Micro Finance Network, Malawi Rural Finance Company, Press Corporation Limited, Mzuzu University Trust Fund, Malawi Chambers of Commerce and Industry and Celtel.

She was appointed to the Board of Press Trust in September 2005.

MRS. NANCY TEMBO

Mrs. Nancy Tembo completed her secondary education in 1976 and in 1977 she joined the Reserve Bank of Malawi until 1980 as a bank clerk. In 1980 she completed a secretarial course at the Malawi Polytechnic and graduated in 1982. She rejoined the Reserve Bank of Malawi where she worked for three years as the Governor's Secretary. In 1985, she joined Olivetti Electronics where she worked as Branch Manager for four years. She then worked from 1990 for Mona Investments as Managing Director for fourteen years before joining politics in 2004.

She was elected to Parliament in her Lilongwe City South West Constituency in the 2004 General Elections. As Member of Parliament, she was a Committee Member of the Public Accounts Committee and Parliamentary Committee on Health. She was Shadow Minister of Education in the then Opposition Malawi Congress Party.

She also served as a Commissioner of the Malawi Electoral Commission from 2012 to 2015.

She was appointed to the Board of Press Trust in September 2005.

MR. JIM NSOMBA

Mr Jim Nsomba was educated in Malawi and the United Kingdom. He holds a Bachelor of Commerce from the University of Malawi and a Diploma in Business Administration from the University of Manchester in the United Kingdom. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and is duly registered with the Malawi Accountants Board as a Certified Public Accountant.

Mr Nsomba has served in various finance roles over the past 32 years. He started his career at Manica Malawi Limited in 1983 where he worked as a Finance Trainee. He was then regularly promoted and later served as Group Financial Accountant for Manica Holdings Limited in Johannesburg, Republic of South Africa. He left Manica Malawi Limited in 1994 at the position of Head of Operations and joined National Bank of Malawi as Head of Finance.

Mr Nsomba served National Bank of Malawi for two years before joining Standard Bank in 1996 at the same rank of Head of Finance. He served in that capacity for nine years before being promoted to his current position as Regional Head for Africa Finance Transformation Project within the Standard Bank Group in the Republic of South Africa.

Mr Nsomba is an accomplished financial expert and was appointed to the Board of Press Trust in November 2014.

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MR. MAYER CHISANGA, SC

Mr Chisanga is a decorated Senior Counsel (SC) and a distinguished licensed legal practitioner. He was admitted to the Malawi Bar in 1988 after he obtained his Bachelor of Laws (Hons) Degree from the University of Malawi. He has since worked as legal counsel in both the public and private sectors with main interests in conveyancing, drafting legal documents, corporate work and serious civil litigation.

He served as an Executive Member of the Malawi Law Society between 1993 and 1998. In 1998, he was elected president of the Malawi Law Society. In addition, Mr Chisanga has served as a non-executive director on several boards including the Reserve Bank of Malawi, Malawi Communications Regulatory Authority (MACRA), Malawi Television (currently Malawi Broadcasting Corporation). Currently, he sits on the Boards of Umodzi Park and Blantyre Synod of the CCAP Church where he also serves as legal counsel. He has also served as a law commissioner on various special law review commissions.

Mr Chisanga is currently the Senior Partner at Chisanga & Tomoka, a legal practising firm. He was appointed to the Board of Press Trust in February 2016.

ENG. WILSON CHIRWA

Eng. W.T.M. Chirwa is a selected registered engineer with the Malawi Board of Engineers and is currently the Managing Partner of WTM Chirwa & Associates, a civil engineering consultancy firm. He holds a Bachelor of Science Degree in Civil Engineering obtained from the University of Malawi in 1983. Eng. Chirwa has also attended various courses related to his technical field and is a practising Arbitrator with the National Construction Industry Council (NCIC). As part of his professional work, Eng. Chirwa has authored three books which are currently used for training both undergraduate and graduate students in the built environment programmes.

Eng. Chirwa has enormous experience that has seen him appointed as non-executive director to several boards including the Medical Aid Society of Malawi (MASM) as Vice Chairman, Michiru Pharmacies as Chairman, Roads Authority, NICO Asset Managers and Northern Region Water Board. In addition, Eng. Chirwa has also served as a committee member of key professional bodies in Malawi including the Malawi Board of Engineers, Malawi Institution of Engineers, Association of Consulting Engineers of Malawi (as President), National Construction Industry Council (NCIC), Malawi Bureau of Standards and Town Planning Committee of Blantyre City Council.

He was appointed to the Board of Press Trust in February 2016.

MRS. AUDREY MWALA

Mrs Audrey Mwala serves as Director of Project Finance & Risk Analysis at the Public Private Partnership Commission (PPPC). She has been in that position from 2009 and has worked for the PPPC in various capacities for 20 years from 1996. She holds an MBA and a Bachelor of Accountancy, both from the University of Malawi which she obtained in 2007 and 1994 respectively. She is a Fellow of the Chartered Institute of Management Accountants (CIMA). Mrs Mwala is a professional accountant, duly registered with both the Malawi Accountants Board and the Institute of Chartered Accountants in Malawi (ICAM). She has also attended various finance and management related courses

Mrs Mwala brings valuable experience to the Board of Press Trust having served as non-executive director on the boards of NBS Bank, Inde Fund, Alliance Capital, Umodzi, The President Walmont Hotel and Sukambizi Trust. She is extremely passionate about carrying out charitable work and she founded and runs The Safe Home, a charity established to help street children.

Mrs Mwala has presented technical papers on various aspects of Public Private Partnerships (PPPs) at a number of conferences around the world. She is an active participant in shaping policy for PPPs in Malawi. She was appointed to the Board of Trustees of Press Trust in August 2016.

TRUSTEES (continued)

MRS. LINDA PHIRI

Mrs Linda Phiri is the Chief Executive Officer (CEO) of the National Construction Industry Council (NCIC). She has served in that executive leadership position since September 2008. Before becoming CEO, she worked in finance related roles in various organisations including TEVET Authority, MUSCCO Ltd, First Merchant Bank (FMB) and Mwenelupembe, Mhango & Company (Public Accountants). Mrs Phiri is a professional accountant, duly registered with both the Malawi Accountants Board and the Institute of Chartered Accountants in Malawi (ICAM). She obtained her Bachelor of Accountancy at the University of Malawi in 1996 and in 2009, she earned her Masters of Business Administration (MBA). She is a Chartered Global Management Accountant (CIMA).

Mrs Linda Phiri has served as a non-executive director on a number of boards including the New Finance Bank and Millennium Challenge Account - Malawi. She was Malawi's representative on the International Advisory Group of the Construction Sector Transparency Initiative (CoST) between 2008 and 2010. She is also a member of the Advisory Panel of the Construction Sector Transparency Initiative (CoST).

Mrs Linda Phiri was appointed to the Board of Trustees of Press Trust in August 2016.

STAFF MEMBERS

Press Trust staff, seen here in late 2017, are distinguished by their small number, loyalty and dedication to implementation of the Trust's mandates and the Trustees' resolutions
From top left: Yanjanani Tambala, Luke Kauka, Ruth Banda, Gibson Ngalamila
From bottom left: Yobu Kadzako, Johannes Kumpata, Sherry Dukes, Stella Chuthi, Cecilia Chisale, Elias Malion

MANAGEMENT

Executive Secretary
Mr Patrick Mhango

Head of Operations
Mr Gibson Ngalamila

Head of Finance and Administration
Mr Elias A. Malion

Projects Manager
Ms Maliam Mdoko

Administration Manager
Mrs Stella Chuthi

EXECUTIVE SECRETARY'S REPORT

ECONOMIC REVIEW

The General Economy

Our country continued to face serious and severe economic challenges during the period under review. In 2016, challenges in the macro economy persisted, with GDP growth remaining stagnant at 2.7% when compared to the growth of 2.8% achieved in 2015. This was attributed to the slow recovery of the economy from adverse El Nino weather conditions causing poor performance in agriculture, the country's main sector. Furthermore, electricity and water production continued to dwindle, thereby paralysing key economic sectors, particularly mining and manufacturing. Business growth was also inhibited due to high interest rates and utility costs.

On a positive note, Malawi performed relatively well in sound fiscal management leading to the approval of US$76.8 million by the IMF under the Extended Credit Facility Programme. The IMF credit facility is a crucial indicator to donors, particularly those that continue to suspend budgetary support to the country following the massive plunder of public resources in 2013. The expectation is that the sustenance of the IMF Programme and indeed sustained positive performance by our Government should result in a return of budgetary support in the medium term.

The Malawi Investment and Trade Centre hosted the inaugural investment forum in 2015, which has since turned into an annual event. The Forum attracts reputable investors, both local and international, and has already seen the signing of six Memoranda of Understanding in the agriculture, lands and energy sectors. Key economic benefits expected from these projects include improved energy generation capacity, enhanced employment levels and growth in foreign exchange reserves.

Inflation and the Exchange Rate

On the back of adverse weather conditions that had caused overall food shortage especially maize, inflation was generally high, particularly in 2015 registering an average of 24%. The high inflation was further compounded by increase in fuel prices which are largely dependent on movements in the local currency against the US Dollar.

The inflation rate marginally improved in 2016, hovering around 20%. Due to the high inflation rates, monetary authorities maintained a tight monetary policy, with the Policy rate peaking at 27 per cent. This development increased the cost of borrowing as banks reacted by raising their interest rates to as high as 42 per cent, thereby negatively affecting the performance of some of our investments, notably Press Agriculture Limited.

Press Trust has supported Operation Smile since 2012. During the period under review, the Trust donated a total of MK29.5 million towards the surgical operations

The Malawi Kwacha continued to depreciate against its major trading currencies particularly the US Dollar. The local currency traded at an average of MK437.6/US$1 in 2015 and MK684.3/US$1 in 2016. The major determinants of the unsatisfactory performance of the Kwacha included a persistently growing trade deficit, a poorly performing tobacco market and a stronger US Dollar on the global market.

2018 Economic Outlook

The economy is projected to grow at 3.5% in the 2017/2018 fiscal year owing to an improved agricultural season. This should therefore ease pressure on general inflation through subdued food prices. As at 31 March 2017, monetary authorities had significantly cut the policy rate to 22 per cent on the back of a decline in inflation as well as a firm exchange rate. A continuation of an expansionary monetary policy is expected to trigger the revision downwards by banks of their interest rates, a development that will likely spur private sector growth through improved access to financial capital. The general economic prospects for 2017/2018 are therefore promising. Fiscal prudence will also be key to economic growth, with pressure mounting on government to ease its appetite for borrowing. Sustained fiscal discipline should result in the continuation of the IMF Extended Credit Facility to Malawi, a vital programme in the revival of the Malawian economy. However erratic power and water supply, relatively high interests and an unpredictable currency continue to pose major threats to economic growth.

OPERATIONS OVERVIEW

According to the Press Trust Reconstruction Act (PTRA), the mandate of Press Trust remains twofold, to support the social development programmes of the country and to manage and grow the commercial investments of the Trust fund. The Trust is required by the PTRA to apply its income towards national benefit purposes which are in the interest and for the benefit of the people of Malawi, especially for the advancement of their health, education, social welfare and housing.

In the period under review (April 2015 – March 2017), the Trust donated over MK1.2 billion towards various socio-development projects. During the same period, the Trust invested MK274 million in listed equity securities. The pie chart below shows that 78% of the funds available for operations went towards various social development projects while 22% was re-invested to stabilise and grow the Trust fund.

SUMMARY OF PROJECT APPROVALS
AS AT 31st MARCH 2017

SECTOR	APPROVAL (MK)	US$ EQUIVALENT	%
Education	1 636 542 335	8 546 881	43,0
Health	1 394 879 045	8 094 776	36,7
Social welfare	436 201 827	5 566 694	11,5
Housing	10 000 000	342 410	0,3
Scientific research	19 632 000	241 689	0,5
Environmental conservation	103 193 834	561 231	2,7
Sports & culture	166 464 156	1 807 679	4,4
Disaster relief	38 485 897	633 442	1,0
Total	3 805 399 094	25 794 802	100

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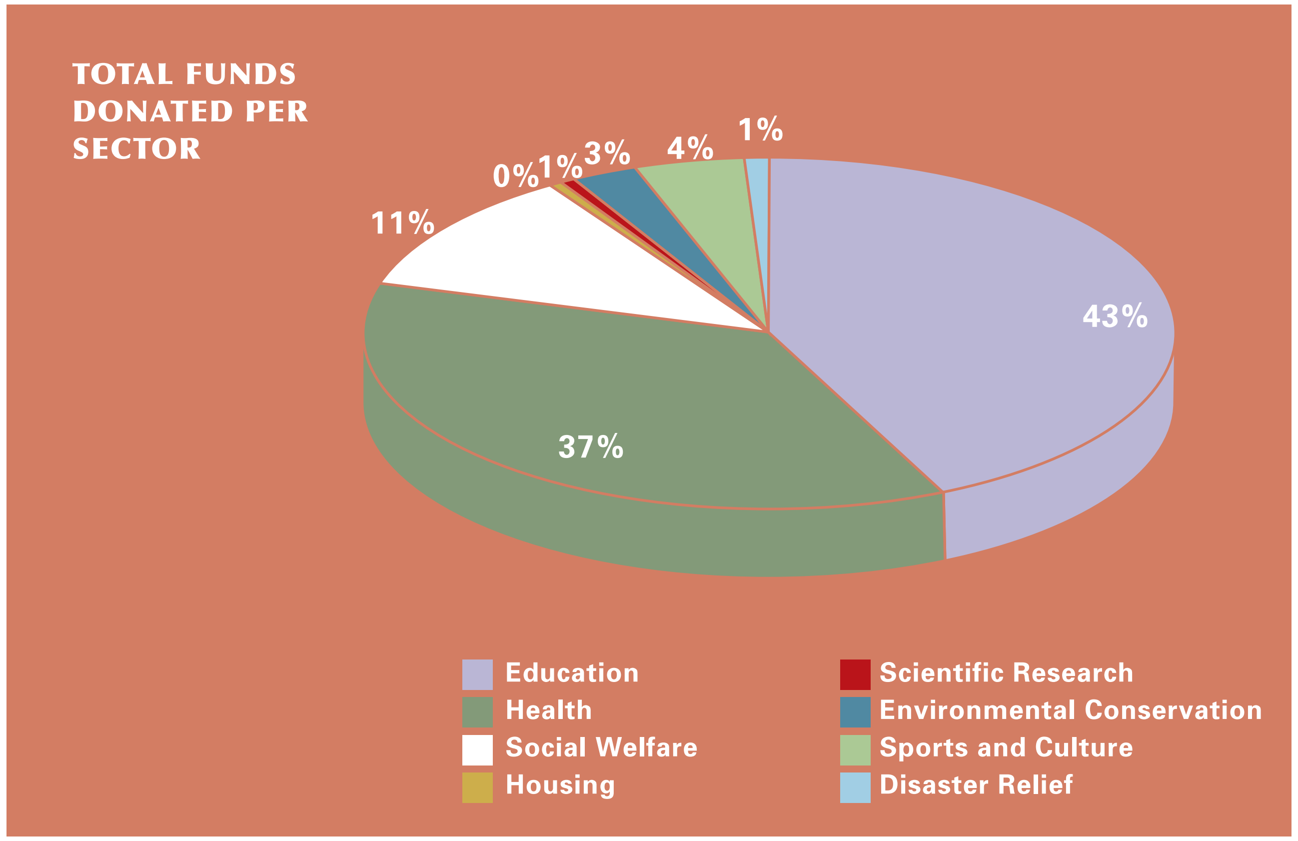
SOCIAL DEVELOPMENT PROJECTS

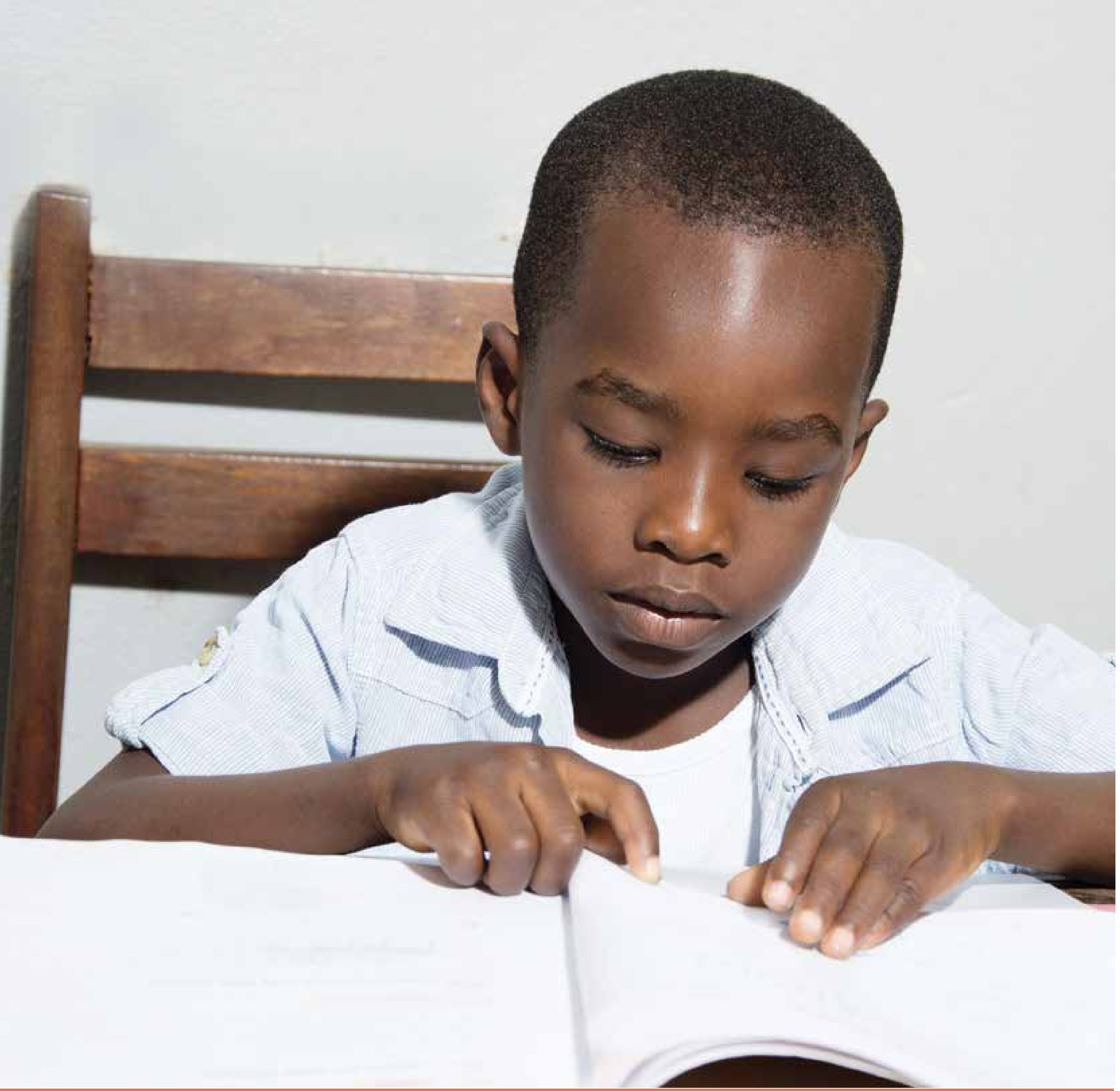
During the period under review, the Trust endeavoured to fund social development projects that were demand driven and in the interest of the people of Malawi. These projects are those that fall under the key priority funding sectors of the Trust - education, health, social welfare and housing. However, the Trust also has additional funding sectors - scientific research, environmental conservation, sports, culture and disaster relief.

As at 31st March 2017, the Trust's donations and commitments towards social development projects in the country stood at MK3.8 billion (US$25.79 million). This represents a total of 250 distinct projects spread across all districts in the country and in all the target sectors. The table and pie chart below summarise total funds approved per sector.



A detailed summary of all the social development projects approved to date has been included at the end of this report.

During the past two years, the Trust funded a total of 19 new projects in the sectors of health, education, scientific research, environmental conservation, culture, and disaster relief. During this period, the Trust committed most of its resources (92.7%) to the two key social sectors of education and health. This was on account of the high number of beneficiaries these two sectors appeal to, which is one of the Trust's key funding criterion. Furthermore, education and health are amongst the critical social needs underscored in both the Malawi Growth and Development Strategy II (MGDS II) and the Sustainable Development Goals (SDGs). The Trust has therefore swiftly moved to support Government in these areas and has once again demonstrated its commitment and status as a true partner in the country's development agenda.



The summary of actual yearly approvals in each sector for the past two years is as follows:

YEARLY APPROVALS
AS AT 31st MARCH 2017

SECTOR	2016 MK	2017 MK	TOTAL MK
Education	311,591,000	323,918,000	635,509,000
Health	268,600,000	10,197,000	278,797,000
Culture	23,179,777	25,125,777	48,305,554
Social Welfare	500,000	-	500,000
Scientific Research	6,509,000	-	6,509,000
Environmental Conservation	13,946,000	-	13,946,000
Disaster Relief	-	2,880,000	2,880,000
TOTAL	624,325,777	362,120,777	986,446,554

EDUCATION

Overview

Education remains one of the key priority funding sectors of the Trust. Since its establishment in 1997, the Trust has donated over MK1.6 billion (US$8.55 million) towards several education initiatives in the country, making it the largest beneficiary sector to date. These donations have over the years covered all the levels of education including primary, secondary and tertiary.

During the period under review, the education sector received funding amounting to MK635.5 million, representing 64% of the total funding available for social development projects. The projects in the education sector focused on two main objectives including improving equitable access to education through provision of additional classrooms and improving the learning environment in education institutions by providing teaching and learning resources.

Primary Education

During the period under review, five primary schools received funding of close to MK254 million. Chikonde II Primary School in Neno District was the largest beneficiary of that funding. Press Trust has fully funded the establishment of the fully furnished primary school comprising eight classrooms and administration offices including provision of necessary sanitary facilities. Each classroom constructed by the Trust is furnished with desks enough for 60 pupils and one table and chair for the teacher. As such, Chikonde II Primary School has received 240 desks and eight desks and chairs of teachers. The Trust has since invested MK95 million in this School which is fully operational and is the pride of both the community there and indeed of the Trust.

Press Trust has since embarked on establishing a similar full primary school at Chikunkha in Nsanje District with the first phase of four fully furnished classrooms and administration offices complete with sanitary facilities pegged at MK65.8 million. This school is in response to the devastating floods which affected the country in 2015. For Nsanje and Chikwawa Districts which were severely affected by the floods, Government came up with plans to relocate people permanently from flood prone areas to uplands. However, the major challenge to implement that relocation plan was funding infrastructure projects such as schools, health facilities, water supply facilities, roads and bridges in areas where people are supposed to be resettled. It is against this background that Trustees approved that the Trust should donate a primary school to help Government resettle the displaced people in Nsanje District.

Pitala Primary School in Mchinji District has received a donation of MK60.13 million for the construction and furnishing of four additional classrooms there. Both of these schools will have their newly built classrooms fully furnished. Mpiri Primary School in Zomba District has received a donation of two fully furnished classrooms worth MK37.84 million. The original beneficiaries of this donation were pupils of Naming'azi Primary School in the same Zomba District. However, Naming'azi received a similar donation from an international non-governmental organisation and the Trust decided to shift its donation to Nsamba in the same District.

Trustee Chisanga and Paramount Chief Lundu at Nsenjere CDSS

Chikonde II Primary School in Neno District, seen here below just before completion, was the largest beneficiary of primary school funding in the period, which totalled over MK0.25 billion

During the period under review, Press Trust also completed and handed over to Government four classrooms at Chimwemwe Primary School in Chitipa District. The classrooms were furnished with 120 desks and 10 tables and 10 chairs for staff at the school. This School received additional funding of MK25.13 million during the period, bringing the total donation for the project to MK65.13 million.

Secondary Education

Of the total funds allocated to the education sector, secondary education continues to benefit the most at MK313 million, representing 49% of the education funding. Close to MK131 million of these funds went towards the establishment of two new fully furnished Community Day Secondary Schools (CDSS), namely, Pundu CDSS in Nkhata Bay District and Nsenjere CDSS in Chikwawa District. Each of these schools includes fully furnished four classrooms, a staff room and a head teacher's office, and provision of sanitary facilities.

Empowerment of women and girls remains the firm focus of the Trust in all its social development work. Accordingly, the Trust allocated funds amounting to MK65.5 million for the construction of twin hostels for girls at Dowa Secondary School. It had been a sad fact that despite the school's co-educational status, there had been no provision for girls' accommodation at the campus. The girls lived off-campus in heavily congested and tiny houses in squalid conditions and this situation undoubtedly resulted in poor academic performance by girls. Press Trust has therefore partnered with the alumni of Dowa Secondary School (DSS) to construct twin hostels for the girls. On completion, the hostels will accommodate a total of 112 students.

The provision of housing for teachers has, in the main, lagged behind the establishment of schools in the country. As a result, most teachers reside off-campus which poses huge logistical challenges in their attempts to monitor student performance while delivering effective lessons. The Trust has started a response to this challenge by donating MK67.3 million for the construction of two houses for teachers at Mpiri Secondary School in Machinga District. It is expected that the houses will improve teaching conditions at the school, as some of the teachers have, till now, had to travel as far as 10 km.

During the period under review, the Trust also officially handed over to Government Mchengautuwa CDSS in Mzuzu City which offers access to secondary education to almost 300 students per annum. Apart from classrooms, Mchengautuwa CDSS includes well-equipped science laboratories.

Trustee Chisanga handing over desks at Masongola Secondary School

Put a Child on a Desk Programme

This is a Programme set up by the Trust itself in coordination with the Ministry of Education, Science and Technology aimed at improving the furnishing needs of public secondary schools by rehabilitating broken desks back to a usable condition and providing new desks where need be. It came out of a visit Press Trust made to Lunzu Secondary School in Blantyre in 2015 where it found that most of the students from Forms 1 to 3 were literally sitting on the floor during classes. Press Trust considered that unacceptable and donated 250 desks to that School while immediately scaling up the assistance in furniture to other secondary schools. The pilot phase of the Programme targets 21 district boarding secondary schools drawn from all the six education divisions in the country.

So far, 1,578 desks have been repaired or provided to six targeted secondary schools as follows: 446 at Chayamba; 186 at Madisi; 273 at Balaka; 243 at Masongola; 180 at Soche Hill; and 250 at Lunzu. These additional desks mean that all students at the above schools no longer have to sit on the floor during classes. Indeed, every student now has a comfortable desk to work from and the learning environment at the schools has improved remarkably.

For the 2017/2018 financial year of the Trust, Trustees have already allocated MK45 million to cater for the following seven schools: Chitipa, Euthini in Mzimba, Salima, Lisumbwi in Mangochi, Mchinji, Chiradzulu and Bangula in Nsanje District. Press Trust is well aware of the enormous need for desks in most public schools in the country. To this end, the Trust continues to lobby vigorously for support from prospective partners to scale up the Programme and assist as many schools as possible.

Merit Bursary for Secondary Education

Press Trust established the Merit Bursary Scheme in 2003 with an aim of providing scholarships for every best male and female student from each educational district as determined by the Malawi Government Primary School Leaving Certificate Examinations (PSLCE). Sustenance of the bursary is based on good academic performance and good conduct during the student's entire secondary education.

Since the inception of the bursary scheme, the Trust has spent a total of MK130 million on the scholarships which have so far benefited over 900 secondary school students. As of 31st March 2017, the Trust was supporting 54 students in Form II, 50 students in Form III and 51 students in Form IV. As for Form I, 68 students had been earmarked for the Bursary and the Trust was in the process of assessing their overall academic performance.

Tertiary Education

The Trust has undertaken to provide beds, mattresses, reading tables and chairs for 300 students at Phalombe Teachers' Training College (TTC). This donation will enable the College to operate at full capacity and be able to train more teachers. This will in turn help our country achieve quality primary education by reducing the teacher: pupil ratio in primary schools across the country.

During the period under review, the Trust officially handed over two projects, namely, a 20 bed hostel for female students at Loudon TTC at Embangweni in Mzimba District worth MK35 million, and a library and computer laboratory for the faculty of commerce at the Nkhoma University, Lilongwe Campus worth MK40 million. The impact of these projects on the learning environment at the two institutions cannot be over emphasised.

Conclusion

During the period under review, the Trust continued to support the Government of Malawi in enhancing education standards in the country across all the education levels i.e. primary, secondary and tertiary. All projects funded by the Trust were supportive of the National Education Policy which aims at enhancing the role of education as a catalyst for socio-economic development.

The full list of new beneficiaries in this sector is as follows:-

PROJECT NAME	DISTRICT	DESCRIPTION	FUNDING (MK)	YEAR
Pundu CDSS	Nkhata Bay	Construction of a new CDSS	68,360,000	
Nsenjere CDSS	Chikwawa	Construction of a new CDSS	62,615,000	
Naming'azi Primary School	Zomba	Construction of school blocks	5,530,000	
Pitala Primary School	Mchinji	Construction of school blocks	60,130,000	
University of Malawi	National	Donation towards Golden Jubilee celebrations	1,099,000	
Press Trust Merit Bursary	National	Secondary school scholarships	21,886,000	2016
Blantyre Teachers College	National	Donation of equipment for the blind and low vision	1,500,000	
Chikunkha Primary School	Nsanje	Construction of new primary school	65,800,000	
Dowa Secondary School	Dowa	Construction of twin girls' hostel	65,530,000	
Mpiri Secondary School	Machinga	Construction of teachers' house	67,260,000	
Nsamba Primary School	Zomba	Construction of a school block	37,843,000	
Phalombe Teachers Training College	Phalombe	Donation of hostel furniture	58,598,000	
Press Trust Merit Bursary	National	Secondary schools scholarship	27,387,000	2017
Total			**543,538,000**	

HEALTH

Overview

The Health sector remains the second largest funded sector of the Trust and it received donations of MK278.8 million, representing 28.3% of the total funding for social development programmes. Apart from infrastructure projects worth MK264 million, the Trust also made a number of donations to the health sector in equipment, and other medical needs worth MK14.7 million.

Dispensaries

In the period under review, the Trust agreed to fund the establishment of a completely new health centre at Chisamba in Salima District to cost an estimated MK75 million. The area is about 18km from Salima District Hospital and lies between the Lilongwe and Linthipe Rivers. Due to the long distance, people from the area find it hard to access medical care and the situation deteriorates during the rain season when the two rivers flood. Press Trust is therefore to construct, furnish and equip a health facility complete with sanitary facilities to avert the challenges faced by the people of Chisamba. Construction of the facility is currently underway.

The Trust has also donated MK55 million towards the construction of a dispensary unit (OPD) at the Northern Region Police Headquarters Clinic in Mzuzu City. The Northern Region Police Headquarters has been using a dilapidated building as a dispensary, serving both police officers and civilians in surrounding areas. Due to its relative privacy, the facility is very popular to civilians in Mzuzu and as a result, it is now supporting well over 30,000 people, thereby constraining resources at the facility. The Trust has therefore committed itself to construct a fully equipped dispensary unit.

Maternity Units

The Trust continued to support initiatives aimed at improving safe motherhood in Malawi. This was premised on the belief and conviction of Trustees of the great role that mothers play in the development of our country.

In view of this, the Trust duly approved the construction of two 15-bed maternity units at Mjini Health Centre in Dedza District and Nyungwe Health Centre in Karonga District at a total cost of MK134 million. In the case of Mjini Health Centre, the facility has a catchment area of about 40,000 people and yet had no maternity wing. This forced expectant mothers to travel as far as 40km to Nkhoma Mission Hospital in Lilongwe or 15km to Mayani Health Centre, a situation that inevitably led to high maternal deaths over the years and hence the need for a maternity unit. The maternity unit will comprise a pre-natal ward, labour and delivery suit, post-natal or maternity ward, a laboratory and a pharmacy.

The situation is similar at Nyungwe Health Centre in Karonga. The health facility has a catchment area of 38,000 people with the nearest health facility about 10km away at Chilumba Health Centre in the same District. As with Mjini Health Centre, maternal deaths have been on the higher side in the area. The proposal from the community was to upgrade the health centre into a rural hospital. For that

The drug bank / storage facility at Kalimanjira Health Centre

to happen, the facility needed the following additional structures; operating theatre, laboratory, pharmacy, children, male and female wards, maternal waiting home, laundry, kitchen, and upgrading of water system. However, due to limited financial resources, the Trust was not able to fund the entire upgrading process and hence identified the construction of a maternity unit as the most critical need at the health centre.

Medical Equipment

In September 2016, the Gogo Chatinkha Maternity Wing at Queen Elizabeth Central Hospital (QECH) received a donation of MK3.4 million which was used to purchase two suction machines, two autoclave machines and one oxygen concentrator. Trustees have over the years bemoaned the lack of a maintenance culture in our public institutions. In order to try and address that problem, the Trust is considering ways of how to help QECH repair some of its broken equipment.

During the period, the Trust also donated MK1.5 million to Mzambazi Rural Hospital in Mzimba District for the purchase of a water tank and water pump. The Hospital serves a catchment population of well over 20,000 people and offers both preventive and curative health care services. The breakdown of the water supply system paralysed operations at the facility and hence the Trust's intervention. With the donation, the water supply system is now effective and operations have since been restored.

In April 2015, The Trust approved additional funding of MK47.8 million towards the construction of male and female wards at Matapila Health Centre in Lilongwe district. The funding included the installation of a new piped water reticulation system at the facility. The Trust therefore donated a total of MK86.35 million towards the project.

The full list of new beneficiaries in the period under review is as follows:

PROJECT NAME	DISTRICT	DESCRIPTION	FUNDING (MK)	YEAR
Chisamba Health Centre	Salima	Construction of dispensary	300 000	
Mchinji District Hospital	Mchinji	Purchase of medical equipment	15 858 445	
Mjini Health Centre	Dedza	Construction of maternity wing	500 000	
Nyungwe Health Centre	Karonga	Construction of maternity wing	12 317 000	
Northern Region Police Dispensary	Mzuzu	Construction of a health centre	5 519 000	
Mzambazi Rural Hospital	Mzimba	Rehabilitation of water supply system	1 500 000	
Milepa Health Centre	Chiradzulu	Construction of wards, laboratory & pharmacy	3 000 000	
Operation Smile	National	Contribution towards surgical operations	13 000 000	
Matapila Health Centre	Lilongwe	Upgrading of health centre into a rural hospital	47 853 000	
Thomasi Health Centre	Thyolo	Establishment of a new health centre	89 666 000	
Bwaila Rotary Club	National	Contribution towards medical camp	17 855 330	2016
Think Pink	National	Contribution towards cancer campaign	29 522 000	
Mzimba District Hospital	Mzimba	Purchase of medical equipment	525 710	
Medical Council of Malawi	National	Contribution towards hosting of annual AGM	21 063 000	
Chatinkha Maternal Care Support	National	Purchase of medical equipment	10 000 000	
Operation Smile	National	Contribution towards surgical operations	20 000 000	
MANASO	National	Contribution towards annual red ribbon Gala	250 000	2017
TOTAL			288 729 485	

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Mothers' Day Fun Run

The Mothers' Day Fun Run is an initiative spearheaded by Nation Publications Limited and dedicated to the cause of safe motherhood since 2005. The project seeks to positively impact the well-being of expectant mothers and new-born babies through provision of maternal and neonatal healthcare equipment and supplies to needy government hospitals and health centres.

Press Trust donated medical equipment to two hospitals worth MK5 million

The selected project areas (districts) are those that have recorded the highest maternal mortality rates in a particular year and the target district rotates annually on a regional basis. In the period under review, Press Trust donated medical equipment to Mchinji District Hospital and Mzimba District Hospital. In 2015, Mchinji District Hospital received two oxygen concentrators from the Trust at a cost of MK2.3 million. In 2016, the Trust donated four oxygen concentrators at a cost of MK2.9 million to Mzimba District Hospital.

Since 2008, the Trust has donated assorted equipment worth over MK25 million to Zomba, Dedza, Karonga, Thyolo, Nkhotakota, Rumphi, Mangochi, Mchinji and Mzimba District Hospitals. This is testament to the Trust's commitment towards attaining safe motherhood, while helping the Malawi Government achieve Sustainable Development Goal (SDG) Number 3, 'ensuring healthy lives and promote well-being for all at all ages'.

Operation Smile

Operation Smile is an international medical charity dedicated to improving the health and lives of patients by providing free surgical procedures for those born with a cleft clip, cleft palate or both and other facial deformities. Operation Smile also trains doctors and local medical practitioners, as one way of building long-term sufficiency in resource-poor environments.

Operation Smile started operations in Malawi in 2012 and has since established a permanent office in Lilongwe. As at 31st March 2017, Operation Smile had conducted five medical missions in Malawi, providing free life changing surgery for 723 children and adults as well as providing training to 314 health care workers.

Press Trust has supported Operation Smile since 2012. During the period under review, the Trust donated a total of MK29.5 million towards the surgical operations.

Conclusion

In the period under review, Press Trust provided substantial support to the health sector through the funding of critical infrastructure, donation of equipment and support of essential services. A total of MK278.8 million was spent in trying to improve health services in the country.

SOCIAL WELFARE

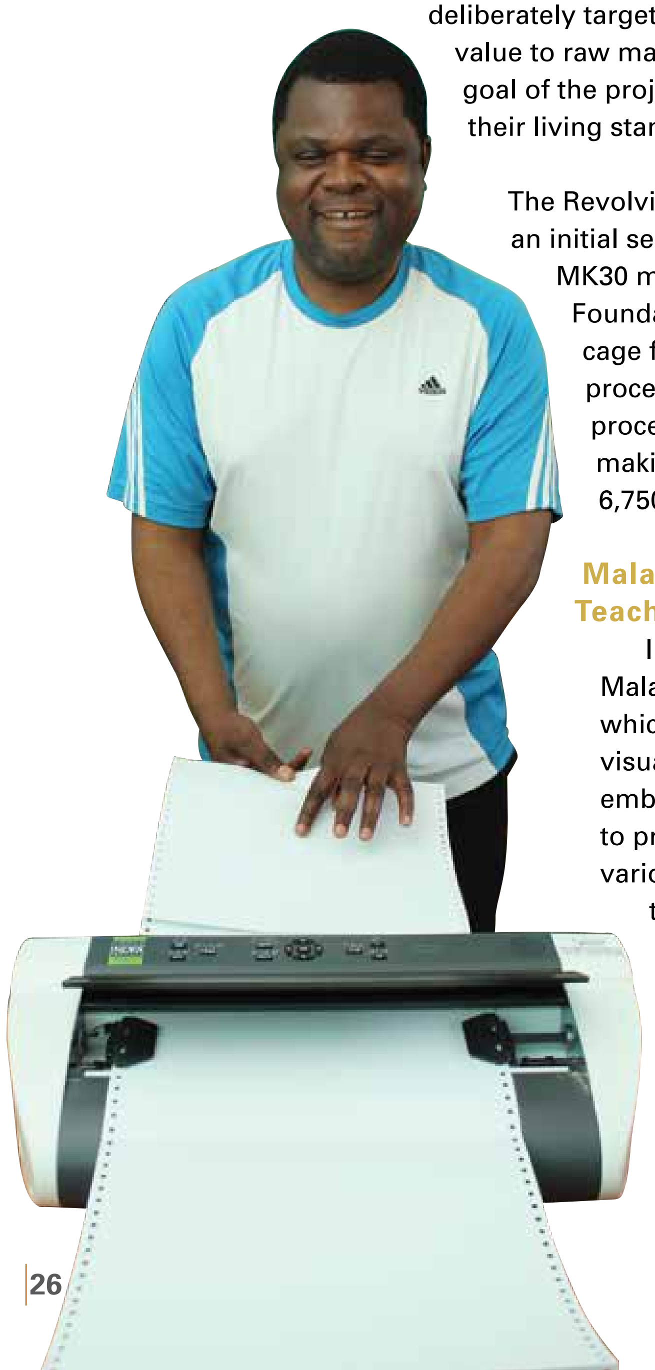
Overview

As explained earlier, the focus of the Trust over the period under review was to increase its impact in, and commitment to the education and health sectors. As a result, the Trust funded only a few projects in the social welfare sector.

The revolving fund of the Trust and UNDP, offers low cost loans for micro-business activities, benefits over 6,750 women countrywide

Press Trust/ UNDP Pro-Poor Revolving Fund

The partnership of the Trust and the United Nations Development Programme (UNDP), which started in 2010, continued to bear fruit during the period under review. Under the partnership, the Trust and UNDP established a pro-poor revolving fund which is being used to finance micro-business activities in rural communities. The project was designed to specifically help the country achieve the first Goal of the Millennium Development Goals (MDGs), that to 'Eradicate extreme poverty and hunger'. The project aims to help achieve this goal by deliberately targeting the poor in running sustainable businesses which add value to raw materials and create employment and wealth. The ultimate goal of the project is therefore to economically empower the poor, raise their living standards and get them out of extreme poverty.



The Revolving Fund has now grown to over MK150 million from an initial seed capital provided equally by the Trust and UNDP of MK30 million. The Fund is managed countrywide by Microloan Foundation. Some of the projects targeted by the Fund include cage fish farming, ICT for rural areas, tomato processing, cassava processing, arts and craft activities, fruit juice processing, milk processing, honey processing, chilli sauce processing, soap making and coffee processing. The revolving fund benefits over 6,750 women across the country with access to low cost loans.

Malawi Union of the Blind and Blantyre Teachers' Training College

In October 2016, the Trust donated MK6.1 million to the Malawi Union for the Blind, a Non-Governmental Organisation which advocates for the rights of the people who are blind and visually impaired. The donation was used to purchase a braille embossing machine and braille paper to help the organisation to properly disseminate information to its membership on various educational and development topics throughout the country.

Another donation of MK1.5 million was made to Blantyre Teachers' Training College. The College had been struggling to provide student teachers with the teaching and learning materials on how to handle the blind and visually impaired pupils. The donation by the Trust of braille paper, three Perkins machines, and Print toner has assisted the institution to improve its service delivery.

ENVIRONMENTAL CONSERVATION

Overview

The contribution of the environment to the socio-economic development of Malawi cannot be overemphasised. Malawi had been blessed with many forests, natural and man-made, that over the years played a significant role in the economy of the country. Sadly however, environmental degradation, largely caused by deforestation due to growing demand for biomass energy, remains a huge challenge mainly due to incomes inadequate for the expense of alternative energy technologies.

Tree Planting Programme

Since 2007, Press Trust has played an active role in complementing Government's efforts in the re-afforestation programme with an aim of averting and mitigating rapid deforestation. During the period under review, the Trust donated MK13.9 million to the Department of Forestry towards the purchase and planting of tree seedlings during the National Forestry Season. Beneficiary districts included Nsanje and Lilongwe who received 95,000 and 10,000 tree seedlings respectively.

SCIENTIFIC RESEARCH

Overview

Technological advancement is key to national development. The MGDS recognises increased application of technology as the main route of increasing wealth through increased productivity. For technological advancement to materialise, there ought to be well-coordinated research systems in place. This is why the Trust has supported nascent research programmes with a view to promoting innovation and growth.

Press Trust has always been keen to fund research activities in the following areas: research into poverty cycles, skills transfer, and support for institutions conducting research with an immediate impact on the people of Malawi. The research on the prevention and treatment of oesophageal cancer recently funded by the Trust is one such example of what the Trust would like to encourage and support.

National Schools' Science Fair

The National Schools Science Fair (NSSF) is a competition that brings together secondary schools from across the country with the overarching objective of promoting a scientific culture in secondary schools. It is organised and hosted by Kamuzu Academy.

During the Science Fair, schools exhibit various scientific innovations which are then assessed by independent judges. Winning schools are rewarded mainly through monetary prizes and in some cases, project finance. One such standout beneficiary is Mwatibu Community Day Secondary School at Nathenje in Lilongwe which was given support from JICA for the construction of various school infrastructure.

Besides promoting a scientific culture among students, the Fair also aims at promoting new innovations to create jobs and add wealth to the country. In the period under review, the Trust supported the Science Fair with a donation of MK4.4 million which went towards the exhibition displays, prize money and production of the documentary on the projects showcased at the Fair. The Trust has donated a total of MK20 million to the National Schools Science Fair since it started in 2009.

Kamuzu Academy, venue for the NSSF

DISASTER RELIEF

In April 2016, the Trust donated MK12.8 million towards the purchase of emergency relief items for the people of Mzuzu City and Nkhata Bay District where floods had brought devastation. Donations included 52 rolls of black plastic sheeting, 600 bags of maize, 60 bags of beans and 600 packets each of 2kg seed maize. The maize seed provided was for winter cropping and was given to the flood victims to help replant as almost all their crops in the fields were washed away by the heavy flooding.

CULTURE

Overview

Culture has a unique way of communicating values, beliefs and customs. It is also a powerful means of fostering group identity and solidarity. As a nation, it is important that we preserve and appreciate our cultural heritage as Malawians. Press Trust has therefore supported this sector as one way of preserving culture as the heritage for future generations.

Zakwathu Cultural Programmes

The Trust has supported cultural programmes mainly through the media. On radio, Press Trust sponsors the Zakwathu Programme on Zodiak Broadcasting Station, a programme that helps to preserve culture through songs from the country's diverse tribes. On Television, Press Trust sponsors Zakwathu Programme on Malawi Broadcasting Corporation in which various cultural dances are showcased. During these programmes, the audience countrywide is informed of the Trust's activities including ways on how they can apply for support. The programmes have indeed proved effective in raising public awareness of the Trust's activities as they savour the memory of a traditional upbringing.

The Trust donated a total of MK31.5 million towards the sponsorship of the Zakwathu Programmes during the period under review.

SOCIAL AND ECONOMIC IMPACT OF PROJECTS

The Malawi Growth and Development Strategy (MGDS II) recognises social development as a significant mechanism for improving the well-being of Malawians. It further emphasises the key role of social development on reduction of poverty and economic growth. Indeed, to achieve sustainable economic growth, a nation requires a healthy and well-educated population. However, these two key social sectors continue to face enormous challenges. Due to the critical importance of the education and health sectors, the Trust has strategically positioned itself to intervene and assist the Government of Malawi in these areas. In this section, I will therefore highlight notable projects and how they have improved local social and economic conditions.

The establishment of new Community Day Secondary Schools at Pundu in Nkhata Bay District and Nsenjere in Chikwawa District has in these districts greatly improved both access to and the quality of education in several ways. First an improved teacher-student ratio enhances close control and coordination between teachers and their students. The end product is an improvement in the grades of students thereby raising educational standards. Secondly, establishment of the new schools has significantly reduced walking distances for students, some of whom had had to walk as far as 10km to get to school. The result of the reduced distance is that students now reach class fresh and healthy much more able to concentrate fully on their studies.

The Construction of twin hostels at Dowa Secondary School will motivate girls to work hard as they will now be living in a healthier and more conducive environment. The performance of girls at the school has been below par hitherto, and the availability of good accommodation is now expected to boost the girls' overall academic performance. Empowerment of women and girls remains at the heart of the activities of the Trust.

The donation of two suction machines, two mini autoclave machines and one oxygen concentrator at the Gogo Chatinkha Maternity Wing at Queen Elizabeth Central Hospital has greatly helped to improve maternal health care services at the Hospital. The maternity wing conducts about 15,000 deliveries in a year and due to its busy nature, equipment is often in a poor state due to over-usage. The intervention by Press Trust has therefore contributed to efforts in improving safe motherhood in the country. The same can be said of a similar donation the Trust made to Mchinji and Mzimba District Hospitals through the Mothers' Day Fun Run.

It should be noted that despite the above mentioned social impacts, there are also direct economic impacts. To begin with, through the numerous infrastructural projects implemented by the Trust, the construction industry has benefitted most. Undeniably, the Trust has provided many jobs to building contractors and workers in the construction industry. Similarly, the Trust has provided business to wholesalers in the health (pharmaceutical) and education sector hence contributing to the economic growth (GDP) of Malawi. Indeed, by providing a market for the various suppliers, the Trust has led to the sustainability and creation of jobs for many Malawians.

Most of the projects initiated by the Trust trigger economic activity, particularly small scale businesses which provide goods and services for the staff and users of the facilities. Despite being mostly small in size, the businesses play a fundamental role in sustaining the lives of rural people, mostly who live under the poverty line. Additionally, on most occasions, projects initiated by the Trust have led to the birth of more projects by other donors. This is why the Trust is considered as a catalyst for development.

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For the past two years, the Trust supported the annual ECAMA conferences which are aimed at finding solutions to the economic challenges facing Malawi. The forum attracts senior economic and business officials across many sectors and provides for a suitable platform for policy discussion and has over the years informed government policy on pertinent economic matters.

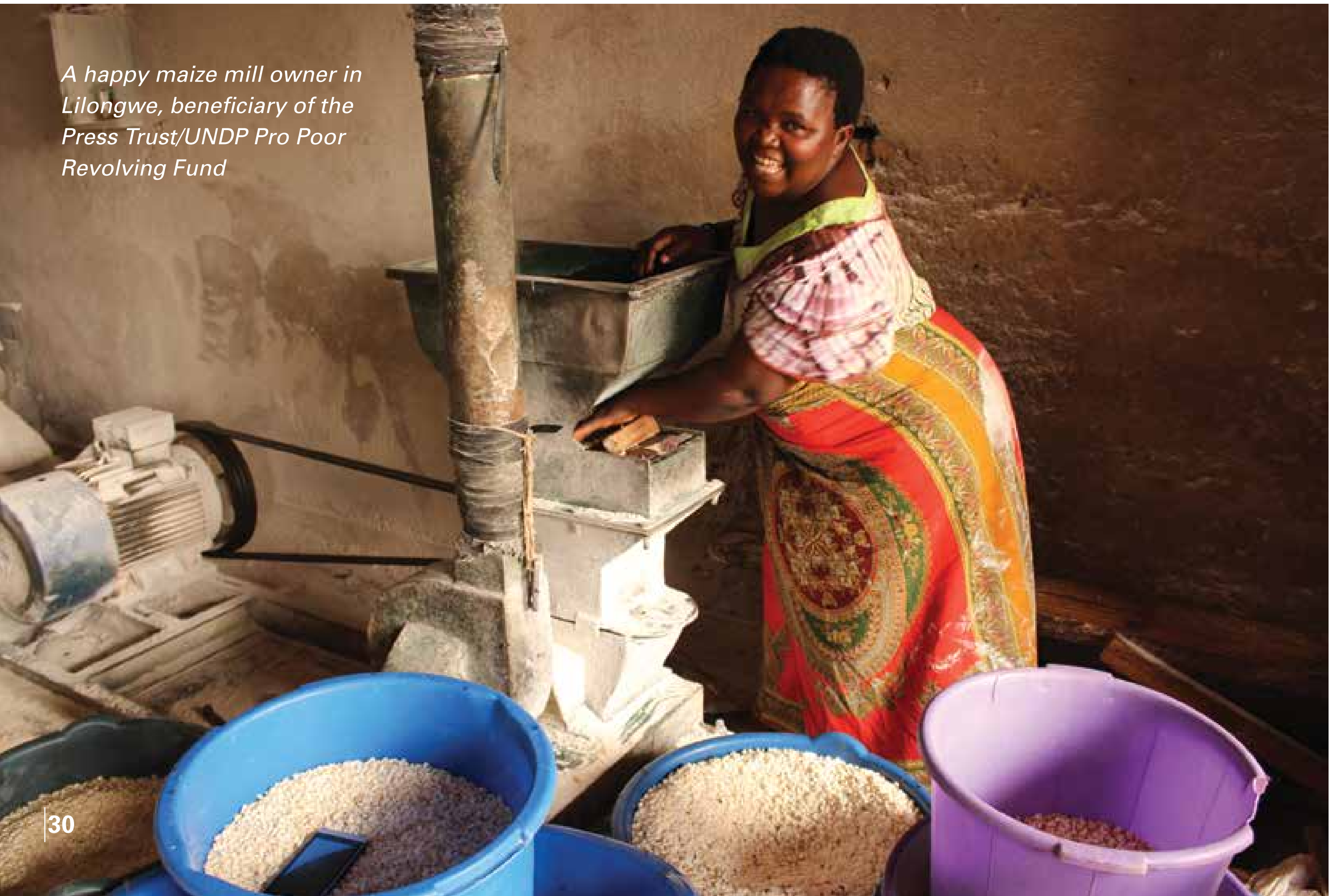
Lastly, the importance of the tax remitted to the MRA through the Trust's numerous projects should not be underestimated. Through such taxes, the Trust has significantly contributed to the country's revenue base, which in turn is used for developmental projects in Malawi.

INVESTMENTS

INVESTMENT BY SECTOR	AMOUNT (MK'000)	%
Tourism & Hospitality	688,079	1.9
Banking & Financial Services	4,215,738	11.4
Diverse Goods & Services	29,081,215	78.9
Manufacturing	2,723,342	7.4
Health Care Services	43,614	0.1
Property Development	118,661	0.3
TOTAL	36,870,649	100

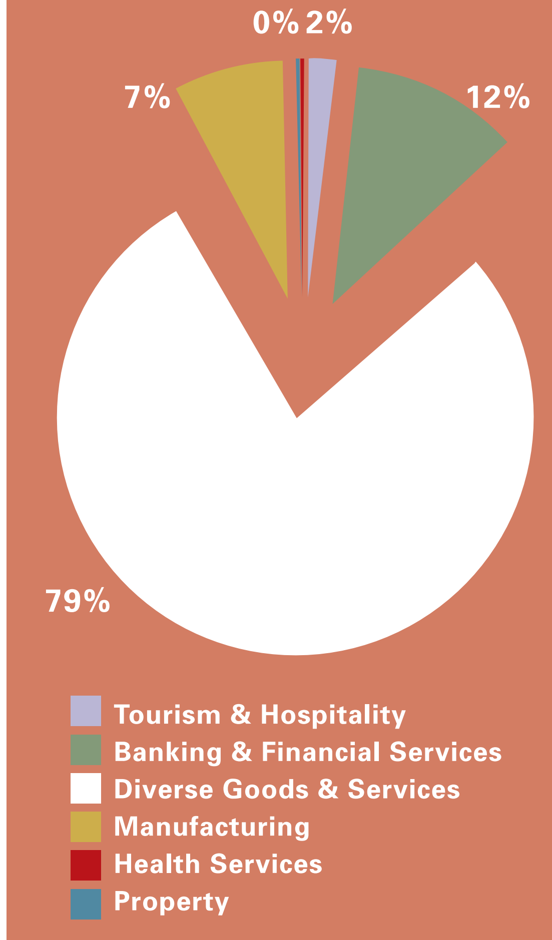
Press Trust has over the years invested heavily on the equity market both in listed and unlisted investments. The main strategic goal of the Trust has been to generate a regular and reasonable income stream by adopting a prudent approach towards investment activities and to generate steady and real capital and income growth while at the same time safeguarding the stability of the Trust.

As highlighted in the economic review, the period in focus was characterised by high inflation, high interest rates, and insufficient power and water supply. In light of the tough economic environment, some of our investments underperformed, notably the manufacturing and farming businesses. On the other hand, our investments in the financial services sector performed remarkably well, with the Trust benefiting from increased returns both in form of dividends and capital gains.



A happy maize mill owner in Lilongwe, beneficiary of the Press Trust/UNDP Pro Poor Revolving Fund

INVESTMENT PORTFOLIO PER SECTOR



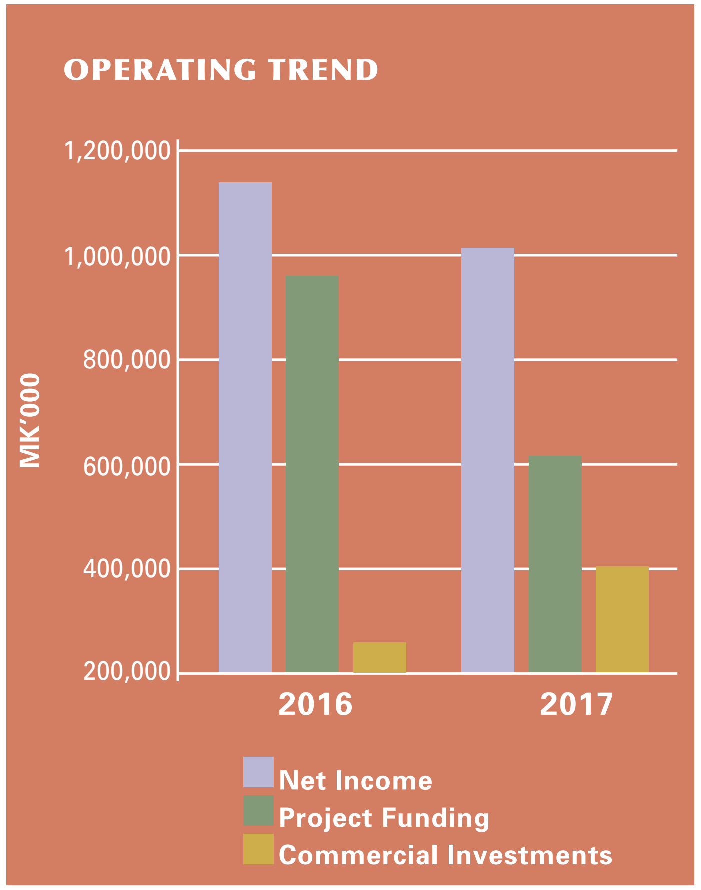
In 2016, the Trust disposed of its entire shareholding of 30% in Indebank, realising MK1.89 billion in the process. From this transaction, about MK300 million was re-invested on the listed equity market through acquisition of additional shares in Press Corporation Ltd, National Bank and Standard Bank in line with the Trust's investment policy. The remainder of MK1.5 billion was invested in Press Agriculture Limited (PAL) to bail it out of its financial woes.

Trustees are fully aware of the financial and technical challenges faced by the group's subsidiary, Press Agriculture Limited (PAL). 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 US$7 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 by 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 in 2017, 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.

Overall, Press Corporation Limited (PCL) remains the Trust's leading investment and it is always pleasing to note that despite the adverse economic environment, the Company's future prospects are rather good. The Trust welcomes the new executive leadership at PCL and is ready to render its support to the company so that it succeeds fully in its plans.

Press Trust has also maintained its investments abroad through its wholly-owned subsidiary, Press Trust Overseas Limited (PTOL) which mainly acts as a hedge against the constant depreciation of the Malawi Kwacha. As of 31st March 2017, PTOL was valued at MK1.6 billion.

Above is a table and a pie chart of the summary of the Trust's local equity investment portfolio per sector as detailed in the financial statements:-



FINANCIAL RESULTS

As detailed in the Consolidated Financial Statement for the year ended 31st March 2017, the Trust is pleased to announce the results of the Group which show that total income increased by 7% from MK2.16 billion in 2016 to MK2.32 billion in 2017 mainly due to increased interest income realised from money market investments and promissory notes in respect of the sale of estates by Press Agriculture Limited. The Group incurred a deficit of MK332 million (2016: deficit of MK225 million) and the Trust realised a surplus of MK397 million (2016: MK182 million) during the year ended 31st March 2017. On a positive note, the total Group comprehensive income for the year also increased by 13% from MK4.8 billion in 2016 to MK5.4 billion in 2017. This upward movement in comprehensive income for the group mainly emanate from revaluation of land and buildings in Press Agriculture Limited.

It is pleasing to also note that during the period under review, the net worth of the Trust Fund increased by close to MK10 billion, representing 28.68% from MK34.74 billion in April 2015 to MK44.7 billion as at 31st March 2017. This is largely due to significant increases in market values of listed equity investments on both the local and foreign stock markets and the appreciation in value of landed properties.

The graph above shows the relationship of net income, project funding and investments during the past two years.

STAFF WELFARE AND DEVELOPMENT

Changes

In early 2017, a member of the executive management team left the employment of the Trust. She has since been replaced by the then Finance Manager who was promoted to the new post.

Otherwise, the Trust continues to maintain a lean and efficient staff complement of 14 members.

Training

Training and development of staff is key to any successful organisation and this continues to play an important role in the overall strategic plan of the Trust. If people with the right attitude are recruited, training becomes a lot easier. Therefore, the Trust continued with its training programme vigorously during the period under review. In total, the Trust invested MK27.7 million in staff training and development which allowed members of staff to attend various short term training programmes within and outside the country.

Training in management and leadership is not only encouraged but supported at the senior and middle management level. Staff members are continuously sponsored on courses relevant to their jobs such as leadership development programs, project management, accounting, risk management, human resources management and executive assistants' programs. The overall objective of the Trust's staff training and development is to allow for efficient delivery of services and also to provide for effective succession planning.

Trustees endorsed PAL's 10 year strategic plan and plans are under way to recapitalise the company's operations by US$7 million through investing in essential farm equipment such as these tractors and supplementary irrigation infrastructure

OUTLOOK FOR THE YEAR

The year 2018 (1st April 2017 to 31st March 2018) promises to be a better and exciting year for the Trust as all the major macro-economic fundamentals, namely, inflation, interest rates and exchange rates are pointing in the right direction. With its solid and sound financial base, the Trust will focus on making strategic investments in the emerging economic sectors and consolidate its position in the current portfolio. Of particular significance are the following:-

The Trust will continue implementing its long term strategic plan focusing on the six strategic objectives which guide the various operations of the Trust:

i. Improve the performance of our investments;
ii. Strengthen our social development projects portfolio;
iii. Improve efficiencies and effectiveness in service delivery and utilisation of assets and resources;
iv. Develop strategic employee competencies relevant to the Trust;
v. Comply with good corporate governance practice
vi. Build a technologically driven Trust.

The Trust is vigorously searching for external sources of funding through partnerships to boost the Trust's capacity for social development funding. This comes after almost 20 years of successfully funding social development programmes using local resources only and the Trust has not only established an enviable track record but also a brand name for approaching external aid agencies;

The Trust will continue applying prudent financial management practices especially in implementing strict performance criteria for investments and continue divesting under-performing assets.

The Trust will continue applying principles of good corporate governance as the cornerstone in all its policies.

In conclusion, I wish to sincerely thank Trustees, Management and staff of Press Trust for their dedication during the years and look forward to another productive and exciting era as we serve our nation. With humility and integrity, we will continue to further and leave a mark on the development path of our nation and in doing, continue to be of real service to our fellow countrymen.

Patrick D. Mhango
EXECUTIVE SECRETARY

PROJECTS FUNDED IN THE EDUCATION SECTOR

	PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED (MK)	EQUIVALENT US$ VALUE
1	Mzuzu University	National	Purchase of laboratory equipment	March 1998	7 900 000	322 449
2	Ministry of Education	Lilongwe, Dowa, Mchinji, Ntchisi	Purchase of school desks	May 1998	10 500 000	428 571
3	Ministry of Education (MANEB)	National	Administration of MSCE examinations	October 2000	4 132 467	87 183
4	Balaka Secondary School	Balaka	Renovation of school infrastructure	July 1998	667 000	27 224
5	Stella Maris Secondary School	Blantyre	Contribution to purchase of school vehicle	July 1998	325 000	13 265
6	Paper Making Education Trust	Blantyre	Purchase of raw materials	May 1998	739 852	30 198
7	Development Aid from People to People	Chiradzulu	Construction of school blocks	December 1998	3 601 557	147 002
8	Mwanza F P School	Chikwawa	Construction of library & purchase of books	June 1999	650 000	14 840
9	Army Secondary School	National	Construction of school blocks	October 1999	989 045	22 581
10	Police Sec School	National	Construction of school blocks	March 2000	2 811 760	59 320
11	Kamuzu Academy	National	Construction of girls' hostels	October 2000	35 000 000	738 397
12	Solomoni-Kuyenda Primary School	Ntcheu	Roof maintenance	November 2002	150 000	1 976
13	Ngwengwe Primary School	Balaka	Roof maintenance	January 2003	150 000	1 652
14	Malawi College of Accountancy	National	Construction of a library	April 2003	2 000 000	22 026
15	Mzuzu University	National	Construction of girls' hostels	September 10, 2003	10 000 000	110 132
16	Salima Technical College	Salima	Purchase of industrial equipment & training materials	February 23, 2005	10 900 221	96 292
17	Chancellor College	National	Installation of a fibre optic network	February 23, 2005	2 553 000	22 553
18	University of Livingstonia	Rumphi	Construction of staff houses	July 14, 2005	11 550 000	102 032
19	The Malawi Polytechnic	National	Purchase of books & workshop equipment	September 2, 2005	11 519 428	101 762
20	Nasawa Technical College	Zomba	Purchase of industrial equipment & training materials	November 23, 2005	8 088 761	71 455
21	Army Secondary School	Blantyre	Construction of laboratory & library	November 23, 2005	10 762 826	95 078
22	Mzuzu Technical College	Mzimba	Construction of girls' hostels	February 3, 2006	15 716 887	116 681
23	Nthalire Community Day Sec. Sch.	Chitipa	Purchase of school desks	February 3, 2006	152 500	1 132
24	Bunda College of Agriculture	National	Construction of a girls' hostel	September 29,2006	37 300 000	276 912
25	Kachere Primary School	Nkhata Bay	Construction of school blocks	October 4 2007	4 500 000	32 212
26	Ministry of Education	National	Purchase of school desks	March 26 2008	5 431 000	38 682
27	Blantyre Girls Primary School	Blantyre	Renovation of school infrastructure	October 10, 2008	6 481 508	46 165
28	M'binzi Primary School	Lilongwe	Construction of school blocks	October 10, 2008	5 500 000	39 174
29	National Schools Science Fair	National	Helping Kamuzu Academy host the Fair	June 26, 2009	9 839 000	69 979
30	Chizumbi Primary School	Mwanza	Construction of school blocks	April 9, 2010	12 052 750	79 978
31	Put a Child on a Desk Programme	National	Purchase of school furniture for public schools	April, 2010	62 864 000	417 147
32	Charundu Primary School	Ntchisi	Construction of school blocks	July 1, 2010	9 300 437	61 715
33	Blantyre Girls Primary School	Blantyre	Purchase of desks	December 14, 2010	2 011 227	13 346
34	Chembera Primary School	Balaka	Purchase of desks	December 14, 2010	2 000 921	13 278
35	Chisamba CDSS	Lilongwe	Construction of classroom blocks	December 14, 2010	18 915 219	125 516
36	Kamwendo Primary School	Machinga	Construction of classroom blocks	December 14, 2010	36 071 117	239 357
37	Chibavi Primary School	Mzuzu	Purchase of desks	December 14, 2010	1 721 227	11 422
38	Mchengautuwa CDSS	Mzuzu	Construction of a new community day secondary school	April 1, 2011	133 406 000	884 655
39	Majiga CDSS	Nkhotakota	Construction of a laboratory & a library	July 8, 2011	35 591 250	236 016
40	Nkhoma University	National	Construction of an ICT Centre for the University	March 30, 2012	39 835 126	240 115
41	Loudon Teachers' Training College	National	Construction of students' hostels	March 30, 2012	77 543 012	467 408
42	Chikonde II Primary School	Neno	Construction of a new primary school	April 2, 201	130 217 237	784 914
43	HHI Secondary School	Blantyre	Construction of a girls' hostel	April 2, 2012	49 262 000	296 938
44	Mwenilondo CDSS	Karonga	Construction of a new community day secondary school	April 2, 2012	36 500 000	220 012
45	Mwatibu CDSS	Lilongwe	Construction of science laboratories	April 5, 2013	42 566 000	129 616
46	Chimwemwe Primary School	Chitipa	Construction of classrooms	September 26, 2014	65,126,000	159,116
47	Nanthoma Primary School	Balaka	Construction of student teachers' hostel	July 5, 2014	14 415 630	35 220
48	Mzuzu University	National	Sponsoring students to attend a mathematics conference in Zambia	November 18, 2014	2 000 000	4 886
49	Naming'azi Primary School	Zomba	Construction of classrooms	April 1, 2015	32 500 000	74 269
50	Nsenjere CDSS	Chikwawa	Construction of a new community day secondary school	April 1, 2015	62 615 000	143 087
51	Pundu CDSS	Nkhatabay	Construction of a new community day secondary school	April 1, 2015	68 360 000	156 216
52	Pitala Primary School	Mchinji	Construction of classrooms	August 3, 2015	60 130,000	137 409
53	University of Malawi	National	Donation towards Golden Jubilee Celebrations	February 5, 2016	1 099 000	1 606
54	Press Trust Merit Bursary	National	Secondary School Scholarships	March 1, 2003	119 585 000	597 925
55	Chikunkha Primary School	Nsanje	Construction of primary school	February 17, 2017	65 800 000	90 671
56	Dowa Secondary School	Dowa	Construction of Girls' hostel	February 17, 2017	65 530 000	90 299
57	Mpiri Secondary School	Machinja	Construction of teacher's house	February 17, 2017	67 260 000	92 683
58	Nsamba Primary School	Zomba	Construction of classroom blocks	February 17, 2017	37 843 000	52 147
59	Phalombe TTC	Phalombe	Donation of hostel furniture	February 17, 2017	58 598 000	80 747
60	Blantyres Teachers' College	National	Donation of equipment for the blind s and low vision student	October 21, 2016	1 500 000	2 192
TOTAL FUNDING					**1,632,130,965**	**9,076,831**

PROJECTS FUNDED IN THE HEALTH SECTOR

	PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED (MK)	EQUIVALENT US$ VALUE
61	Chikwawa District Hospital	Chikwawa	Bilharzia research	November 1997	87 456	5 716
62	Nkhotakota District Hospital	Nkhotakota	Construction of guardian shelter	April 1998	603 120	24 617
63	Nambiti Health Centre	Phalombe	Construction of a health centre	October 1998	5 140 000	209 796
64	Chitipa District Hospital	Chitipa	Construction of guardian shelter	December 1998	400 000	16 327
65	Kamuzu College of Nursing	National	Purchase of a bus	May 1999	8 000 000	182 648
66	Kamuzu College of Nursing	National	Purchase of laboratory equipment	August 1999	3 417 000	78 014
67	College of Medicine	National	Purchase of library books	May 1999	4 500 000	102 740
68	Santhe Health Centre	Kasungu	Construction of a health centre	June 1999	4 109 093	93 815
69	Kameme/Kapenda Health Centre	Chitipa	Purchase of an ambulance	June 2000	1 629 000	34 367
70	St Peters Hospital	Likoma	Construction of a paediatrics	August 2000	3 199 304	67 496
71	Lighthouse Project	Lilongwe	Purchase of medical equipment	August 2000	5 508 000	116 203
72	Nkhoma School of Nursing	Lilongwe	Purchase of vehicles	November 2000	520 000	10 970
73	Tlkwere Development Foundation	Ntchisi	Electricity supply	November 2001	4 100 000	52 097
74	Chapananga Health Centre	Chikwawa	Roof maintenance	November 2001	100 000	1 271

PROJECTS FUNDED IN THE HEALTH SECTOR (CONTINUED)

	PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED (MK)	EQUIVALENT US$ VALUE
75	Beit Trust CURE International hospital	Blantyre	Purchase of medical equipment	December 3 2003	5 000 000	55 066
76	Kalembo Health Centre	Balaka	Construction of a maternity unit	March 24,2004	9 000 000	82 645
77	Likuni Hospital	Lilongwe	Construction of guardian shelter	March 24,2004	1 500 000	13 774
78	Chizolowondo Health Centre	Dowa	Construction of a health centre	March 24,2004	26 523 668	243 560
79	Malawi College of Health Sciences	National	Purchase of computers & teaching materials	April 27,2004	2 581 852	23 708
80	Nkhamenya Community Hospital	Kasungu	Purchase of a maize huller & maize mill	July 2, 2004	785 000	7 208
81	College of Medicine	National	Support for a conference on library information	October 25, 2004	1 000 000	9 183
82	Kasina Health Centre	Dedza	Purchase of an ambulance	February 23, 2005	2 445 960	21 607
83	Phokera Health Centre	Nsanje	Construction of a health centre	February 23, 2005	30 390 600	268 468
84	Nambilanje Health Centre-MJ	Mulanje	Construction of a health centre	September 2 2005	38 600 600	340 995
85	Malukula Health Centre-Mangochi	Mangochi	Construction of a health centre	September 2 2005	46 380 000	409 717
86	Social Islamic Development	Salima	Construction of mobile clinic blocks	September 2 2005	4 509 960	39 841
87	Mphuka Health Centre	Thyolo	Construction of a health centre	November 23, 2005	47 590 000	420 406
88	Lura Health Centre	Rumphi	Construction of a health centre	February 3, 2006	34 654 000	257 268
89	Malawi Blood Transfusion Service	National	Purchase of laboratory equipment	June 16, 2006	12 150 641	90 205
90	Chilumba Rural Hospital	Karonga	Construction of a maternity unit	September 29, 2006	15 443 171	114 649
91	Kalimanjira Health Centre	Ntcheu	Construction of a health centre	October 4 2007	70 000 000	501 074
92	Manolo Health Centre	Mzimba	Construction of a health centre	October 4 2007	86 682 000	620 487
93	Mzambazi Rural Hospital	Mzimba	Electricity supply & rehabilitation of water supply system	October 4 2007	5 207 388	37 276
94	Umoyo Trust	Blantyre	Publication of a medical handbook	October 4 2007	3 000 000	21 475
95	Kasungu District Hospital	Kasungu	Purchase of furniture & equipment	March 26 2008	5 510 000	39 245
96	St Gabriel Hospital	Lilongwe	Purchase of mortuary equipment	March 26 2008	2 954 000	21 040
97	Zomba Central Hospital	Zomba	Purchase of medical equipment	October 10 2008	580 000	4 131
98	Beit Trust CURE International hospital	Blantyre	Construction of a rehabilitation wing	December 17 2008	14 000 000	99 715
99	Cancer Research Programme	National	Purchase of stents for oesophageal cancer patients	December 17 2008	11 400 000	81 197
100	Nurses Council	National	Launch of website & policy documents	March 20 2009	300 000	2 134
101	Ekwendeni Mission Hospital	Mzimba	Purchase of furniture & medical equipment	June 26, 2009	15 858 445	112 791
102	Dedza District Hospital	Dedza	Purchase of hospital beds	October 23, 2009	500 000	3 556
103	Kasungu District Hospital	Kasungu	Construction of guardian Shelter	October 23, 2009	12 317 000	87 603
104	Katete Community Hospital	Mzimba	Purchase of ambulance	October 23, 2009	5 519 000	39 253
105	Usisya Rural Hospital	Nkhata Bay	Construction of male & female wards	October 23, 2009	17 855 330	126 994
106	Kabudula Community Hospital	Lilongwe	Construction of ante-natal ward	March 1, 2010	29 522 000	195 899
107	Karonga District Hospital	Karonga	Purchase of medical equipment	July 1, 2010	525 710	3 488
108	Kamuzu Barracks Hospital	Lilongwe	Construction of a medical laboratory	December 14, 2010	21 063 000	139 768
109	Police Headquarters Clinic	Lilongwe	Purchase of hospital furniture & equipment	December 14, 2010	10 000 000	66 357
110	Mlambe Hospital	Blantyre	Purchase of an X-Ray machine	March 31, 2011	16 022 550	106 250
111	Milepa Health Centre	Chiradzulu	Construction of wards, laboratory & pharmacy	April 1, 2011	102 863 197	682 117
112	Thyolo District Hospital	Thyolo	Purchase of medical equipment	July 8, 2011	1 841 000	12 208
113	Nkhotakota District Hospital	Nkhotakota	Purchase of medical equipment	April, 2012	4 526 000	27 281
114	Operation smile	National	Contribution towards surgical operations	November 1, 2012	58 268 000	351 224
115	Rumphi District Hospital	Rumphi	Purchase of medical equipment	August 2, 2013	4 730 000	14 359
116	Hospital Ambulances	Phalombe, Nsanje, Mangochi, Ntchisi, Rumphi	Purchase of hospital ambulances	July 5, 2014	84 020 000	205 277
117	Matapila Health Centre	Lilongwe	Upgrading of health centre into a rural hospital	September 26, 2014	86 353 000	210 977
118	Thomasi Health Centre	Thyolo	Construction of a new health centre	September 26, 2014	139 372 772	340 515
119	Mangochi District Hospital	Mangochi	Purchase of medical equipment	September 26, 2014	7 310 000	17 860
120	Kamuzu Central Hospital	National	Purchase of medical equipment	November 18, 2014	2 110 000	5 155
121	Chisamba Health Centre	Salima	Construction of dispensary	August 3, 2015	75 000 000	171 389
122	Mchinji District Hospital	Mchinji	Purchase of medical equipment	August 3, 2015	3 000 000	6 856
123	Mjini Health Centre	Dedza	Construction of maternity wing	August 3, 2015	67 000 000	153 108
124	Nyungwe Health Centre	Karonga	Construction of maternity wing	August 3, 2015	67 000 000	153 108
125	Northern Region Police Dispensary	Mzuzu	Construction of a health centre	August 3, 2015	55 000 000	125 686
126	Bwaila Rotary Club	National	Contribution towards medical camp	August 3, 2015	100 000	229
127	Think Pink	National	Contribution towards cancer campaign	July 22, 2016	1 094 000	1 599
128	Mzimba District Hospital	Mzimba	Purchase of medical equipment	July 22, 2016	4 900 000	7 161
129	Medical Council of Malawi	National	Contribution towards hosting of annual AGM	July 22, 2016	600 000	877
130	Chatinkha Maternal Care Support	National	Purchase of medical equipment	July 22, 2016	3 353 000	4 900
131	MANASO	National	Contribution towards annual red ribbon gala	February 17, 2017	250 000	344
TOTAL					**1 417 375 817**	**8 196 338**

PROJECTS FUNDED IN THE SOCIAL WELFARE SECTOR

	PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED (MK)	EQUIVALENT US$ VALUE
132	Malawi Union for the Blind	Blantyre		November 1997	838 000	54 771
133	Nkhatabay Water project	Nkhata Bay	Supply of piped water	January 1998	457 296	18 665
134	Malawi Against Polio	National	Manufacture of mobility aids & appliances	March 1998	1 072 000	43 755
135	Cheshire Homes(Malawi)	Lilongwe	Construction of a therapy complex	November 1997	900 000	58 824
136	Malawi Council for the Handicapped	Blantyre	Purchase of weaving looms for Bangwe Weaving Factory	May 1998	1 885 506	76 959
137	Malawi Against Polio	National	Manufacture of mobility aids & appliances	December 1998	2 000 000	81 633
138	Sue Ryder Foundation	Blantyre	Purchase of a utility vehicle	May 1999	2 000 000	45 662
139	Evangelical Lutheran Development Programme	National	Sinking of boreholes	June 1999	1 250 000	28 539
140	Mchinji Mission Orphanage	Mchinji	Purchase of a maize mill	June 1999	780 000	17 808
141	Rumphi Piped Water Project	Rumphi	Supply of piped water	June 1999	5 460 000	124 658
142	Malawi Council for the Youth	National	Purchase of bicycles & megaphones	October 1999	1 000 000	22 831

PROJECTS FUNDED IN THE SOCIAL WELFARE SECTOR (CONTINUED)

	PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED (MK)	EQUIVALENT US$ VALUE
143	City Assemblies	Blantyre, Lilongwe, Zomba	Construction of flea markets	March 2000	122 662 547	2 587 817
144	Kondanani Caring Hands	Blantyre	Purchase of a house for orphans	August 2000	4 000 000	84 388
145	Chingale Piped Water Project	Zomba	Supply of piped water	October 2000	7 000 000	147 679
146	Samaritan Trust	Blantyre	Purchase of vocational training equipment	January 2001	2 125 000	27 001
147	Malawi Against Polio	National	Manufacture of mobility aids & appliances	May 2001	6 000 000	76 239
148	CELOM	Zomba	Purchase of a maize mill	July 2001	180 000	2 287
149	Chilanga School for the Blind	Kasungu	Electricity supply	May 2002	100 000	1 318
150	Malawi Police Service HIV Awareness Campaign	Lilongwe	HIV/AIDS Awareness Campaign	July 8, 2002	100 000	1 318
151	Chididi Orphan Care Committee	Neno	Purchase of a maize mill	November 2002	500 000	6 588
152	Vessel Edmund Rhoades	Nkhata Bay	Repair & maintenance of a water vessel	August 2002	3 000 000	39 526
153	Malawi Against Physical Disabilities (MAP)	National	Manufacture of mobility aids & appliances	December 3 2003	6 000 000	66 079
154	Malawi Council for the Handicapped	Lilongwe	Purchase of equipment & training materials	April 27, 2004	4 481 465	41 152
155	Interdenominational Pastoral Care Centre	Lilongwe	Construction of walkway	April 27, 2004	381 443	3 503
156	Malawi Union for the Blind	Blantyre	Contribution towards a conference	April 27, 2004	191 932	1 762
157	Ministry of Hope Crisis Nursery	Lilongwe	Purchase cooking items for the orphanage	April 27, 2004	92 456	849
158	Malawi Union for the Blind	Blantyre	Production of Braille information	July 2, 2004	815 000	7 484
159	Malawi Council for the Handicapped	Blantyre	Provision of working capital for Bangwe Weaving Factory	November 18, 2004	4 733 253	43 464
160	Feed The Children (Malawi)	Blantyre	Purchase of vocational training materials & resettlement kits	July 14 2005	6 272 766	55 413
161	Muloza Piped Water Scheme	Mulanje	Supply of piped water	February 3, 2006	11 381 700	84 497
162	Samaritan Trust	Blantyre	Purchase of resettlement kits	February 3, 2006	265 000	1 967
163	City Assemblies	Blantyre, Lilongwe, Mzuzu	Construction of flea markets	September 29,2006	133 955 997	994 477
164	Ministry of Disabilities & the Elderly	National	Purchase of blankets for the elderly	September 29,2006	500 000	3 712
165	Mngwere Piped Water Scheme-Dedza	Dedza	Supply of piped water	September 29,2006	32 136 788	238 580
166	Kondanani Caring Hands	Blantyre	Construction of a house for children	July 27 2007	13 272 874	95 010
167	Tikoliwe Gravity-fed Water Supply Scheme	Mchinji	Supply of piped water	June 26 2008	35 810 804	255 063
168	Nsiyaludzu School of the Blind	Balaka	Electricity supply	June 26 2008	198 000	1 410
169	Partnership with UNDP	National	Financing SMEs	July 1, 2010	15 102 000	100 212
170	Rotary Anns	Lilongwe, Mangochi	Contribution towards an initiative to support grandmothers	July 22, 2016	500 000	731
171	Malawi Union for the Blind	National	Purchase of Braille embosser and Braille paper	February 17, 2017	6 800 000	9 370
TOTAL					**436 201 827**	**5 553 001**

PROJECTS FUNDED IN THE HOUSING SECTOR

	PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED (MK)	EQUIVALENT US$ VALUE
172	Malawi Army	National	Construction of houses for officers & men	November 1997	4 000 000	261 438
173	Village Housing Scheme	Ntcheu, Zomba, Machinga, Chiradzulu	Construction of low cost village houses	July 8, 2002	6 000 000	79 051
TOTAL					10 000 000	340 489

PROJECTS FUNDED IN THE SCIENTIFIC RESEARCH SECTOR

	PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED (MK)	EQUIVALENT US$ VALUE
174	Malawi Industrial Research	National	Funding for research programmes	November 1997	1 544 000	100 915
175	Department of Mines	National	Exhibition of mineral resources found in Malawi	June 2000	1 740 000	36 709
176	National Schools Science Fair	National	Helping Kamuzu Academy host the Fair	June 26, 2009	14 249 000	101 344
177	COSECSA	National	Contribution towards hosting of Scientific Conference	February 5, 2016	2 099 000	3 067
	TOTAL				19 632 000	242 036

PROJECTS FUNDED IN THE ENVIRONMENTAL CONSERVATION SECTOR

	PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED (MK)	EQUIVALENT US$ VALUE
178	Michiru Nature Sanctuary/ WESM	Blantyre	Construction of houses for patrol-men	July 14 2005	13 347 834	117 914
179	Department of Forestry	National	Provision of tree seedlings for the National Forestry Season	October 4 2007	88 346 000	632 398
180	Lilongwe Wildlife Trust	National	Contribution towards national campaign against illegal wildlife trade	September 26, 2014	1 500 000	3 665
	TOTAL				**103 193 834**	**753 977**

PROJECTS FUNDED IN THE SPORTS AND CULTURE SECTOR

	PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED (MK)	EQUIVALENT US$ VALUE
181	Ministry of Education, Sports and Culture	National	Sports development programme	August 1999	45 000 000	1 027 397
182	Amateur Athletics Association of Malawi	National	Hosting the SADC Cross Country Championships	March 2001	1 900 000	24 142
183	Late Dr Banda's Mausoleum	Lilongwe	Contribution towards initial design costs	May 9, 2001	3 461 336	43 981
184	Cultural Museum Centre Karonga	Karonga	Shipping the remains of the dinosaur from USA	July 8,2002	1 200 000	15 810
185	Malawi Army	National	Contribution towards centenary celebrations	October 4,2002	375 000	4 941
186	Lilongwe Sisters Netball Club	Lilongwe	Purchase of netball uniform	February 5, 2004	150 000	1 377
187	Amateur Athletics Association of Malawi	National	Sponsorship of athletes	March 24, 2004	418 394	3 842
188	SADC Parliamentary Researchers Workshop	Lilongwe	Contribution towards hosting the workshop	March 24, 2004	230 463	2 116
189	Museums of Malawi	National	Erection of shelters over open air exhibits	March 24, 2004	1 000 000	9 183
190	Late Dr Banda's Mausoleum	Lilongwe	Contribution towards erecting a fence	March 24, 2004	749 383	6 881

PROJECTS FUNDED IN THE SPORTS AND CULTURE SECTOR (CONTINUED)

	PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED (MK)	EQUIVALENT US$ VALUE
191	Malawi Law Society	Blantyre	Contribution towards the annual conference	November 18, 2004	280 500	2 576
192	Malawi Institute of Education	Zomba	Construction of an educational museum	February 23, 2005	9 370 792	82 781
193	Football Association of Malawi	National	Sponsorship of the FAM Cup	July 14 2005	6 000 000	53 004
194	National Women's Football	National	Participation in the COSAFA Tournament	November 23 2005	1 422 200	12 564
195	Ministry of Agriculture/ECAM	National	Contribution towards a workshop on food security	September 29,2006	3 159 000	23 452
196	Hockey Association of Malawi	National	Purchase of hockey equipment	September 29,2006	5 131 712	38 097
197	National Assembly	National	Contribution towards hosting a SADC conference	October 10, 2008	500 000	3 561
198	Chewa Royal Establishment	National	Contribution towards Kulamba Traditional Ceremony	October 10, 2008	500 000	3 561
199	Malawi Television	National	Coverage of Kulamba Traditional Ceremony	October 10, 2008	198 000	1 410
200	Mulhakho wa Alhomwe	National	Contribution towards a traditional ceremony	October 10, 2008	750 000	5 342
201	Ministry of Sports & Youth Development	National	Sponsorship for The Flames	December 17 2008	11 256 000	80 171
202	Malawi Television	National	Awards & trophies for 'Our People Our Pride'	January 14, 2010	1 534 375	10 182
203	National Assembly	National	Helping the National Assembly host an international conference	March 1, 2010	200 000	1 327
204	Mulhako wa Alhomwe	National	Contribution towards cultural activities	March 1, 2010	250 000	1 659
205	The Late Dr Aleke Banda	National	Publication & distribution of AKB biography	July 1, 2010	1 900 000	12 608
206	Malawi Government	National	Hosting 46th & 47th Anniversary Celebrations	July 1, 2010	1 000 000	6 636
207	National Public Events	National	Contribution towards Independence celebrations	July 1, 2010	500 000	3 318
208	Malawi Television	National	Awards & trophies for 'Our People Our Pride'	October 1, 2010	4 441 000	29 469
209	Miss Malawi 2010	National	Promoting the cultural component in the beauty pageant	December 14, 2010	270 000	1 792
210	National Public Events	National	Contribution towards Independence celebrations	July 8, 2011	1 200 000	7 958
211	Women Judges Association of Malawi	National	Helping the Association to officially launch its activities	March 30, 2012	500 000	3 014
212	Zakwathu Cultural Programme	National	Promotion of cultural heritage on television and radio	April, 2012	51 786 216	312 153
213	Economics Association of Malawi	National	Contribution towards annual economic conference	August, 2012	12 583 000	75 847
214	Board of Architects and Quantity Surveyors	National	Contribution towards annual conference	October, 2012	100 000	603
215	Malawi Law society	National	Contribution towards regional legal conference	August 2, 2013	500 000	1 518
216	Malawi National Assembly	National	Contribution towards a sports festival in Zambia	August 2, 2013	500 000	1 518
217	Public Service Reforms Commission	National	Publication of the report of the Commission	November 18, 2014	2 000 000	4 886
218	MBC Innovations Awards	National	Contribution towards the MBC Innovations annual awards	November 27, 2015	4 401 000	10 057
219	Malawi Investment & Trade Centre	National	Contribution towards hosting of Malawi Investment Forum	May 26, 2015	1 000 000	2 285
220	MBC Innovations Awards	National	Contribution towards the MBC Innovations annual awards	November 27, 2015	6 401 000	14 628
221	Media Institute of Southern Africa - Malawi Chapter	National	Contribution towards publishing of strategic plan	July 22, 2016	1 302 000	1 903
222	Ministry of Industry & Trade	National	Contribution towards launch of Buy Malawi Strategy	July 22, 2016	2 000 000	2 923
TOTAL					**187 421 372**	**1 952 472**

PROJECTS FUNDED IN THE DISASTER RELIEF SECTOR

	PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED (MK)	EQUIVALENT US$ VALUE
223	Karonga Drought Disaster	Karonga	Provision of relief items	August 1, 1997	500 000	32 680
224	Phalombe Floods Disaster	Phalombe	Provision of relief items for flood victims	February 1998	300 000	12 245
225	Nkhotakota Floods Disaster	Nkhotakota	Provision of relief items for flood victims	January 1998	400 000	16 327
226	Karonga Floods Disaster	Karonga	Provision of relief items for flood victims	January 1998	300 000	12 245
227	Lower Shire Floods disaster	Chikwawa, Nsanje	Provision of relief items for flood victims	December 1, 1999	1 105 897	25 249
228	Machinga Floods disaster	Machinga	Provision of relief items for flood victims	February 1998	500 000	20 408
229	1999 floods disasters	Nkhata Bay, Nsanje, Mchinji, Zomba	Provision of relief items for flood victims	May 1999	6 500 000	148 402
230	Year 2001 flood disasters	Machinga, Mangochi, Salima & Mchinji	Provision of relief items for flood victims	April 2001	7 000 000	88 945
231	Winter Cropping	Dowa , Lilongwe, Mangochi, Ntcheu, Karonga, Salima & Nkhata Bay	Purchase of farm inputs & relief items	July 8, 2002	5 000 000	65 876
232	Disaster Relief Fund	National	Emergency fund	February 3, 2006	3 100 000	23 014
233	Karonga Earthquake	Karonga	Provision of relief items	January, 2010	1 500 000	9 954
234	Karonga Floods Disaster	Karonga	Provision of relief items	April, 2011	1 000 000	6 631
235	Disaster Relief Fund	National	Emergency fund	March 30, 2012	5 000 000	30 139
236	National Flood Disaster	National	Purchase of relief items	April 5, 2013	3 400 000	10 322
237	Northern Region Flood Disaster	Mzimba, Nkhatabay, Karonga	Provision of relief items for flood victims	July 22, 2016	12 880 000	18 822
	TOTAL				**48 485 897**	**521 258**

CORPORATE GOVERNANCE STATEMENT

CODES AND REGULATIONS

Press Trust is fully committed to achieving high standards of corporate governance in conducting its business.

The principle governance rules that apply to the Trust are set out in the Press Trust Reconstruction Act (PTRA), 1995. The PTRA enshrines virtually all the tenets of good corporate governance any organisation can aspire to practice. In addition, the Trust fully endorses the voluntary codes of corporate practice and conduct recommended in the King III Report, the UK Combined Code on Corporate Governance and the Malawi Corporate Governance Code.

BOARD OF TRUSTEES

In terms of the PTRA, the Trust has a unitary board structure and the Board of Trustees comprises seven independent, non-executive Trustees. It is a provision of the PTRA that the Chairperson of the Board of Trustees holds office for one year only and is elected from amongst the Trustees by simple majority. No retiring Chairperson is eligible for immediate re-election. In addition, the Chairperson has no casting vote. The Chairperson is simply the first among equals.

As indicated in the Chairperson's Statement, Dr George H Kayambo served as Chairman of Press Trust during the year 2016 and retired from the Trust, together with Mr Tony Kandiero, in August 2016. After his retirement, Trustees unanimously elected Trustee Chioko Chairperson of the Trust. She remained in that capacity as at 31st March 2017.

Section 6 of the PTRA goes into detail about the procedure for the appointment of Trustees. In short, the PTRA provides that at the expiry of any Trustee's term of office, the remaining Trustees shall appoint by unanimous agreement an Ordinary Trustee to serve for a term of six years. It further states that all Trustees shall be eligible for re-appointment once only. Under these provisions, Trustees unanimously elected Mrs Audrey Mwala and Mrs Linda Phiri to serve as Ordinary Trustees of Press Trust from September 2016.

The Board of Trustees normally meets quarterly but additional meetings are held on a need basis. The quorum for transacting the business of the Trust is four Trustees. The Board retains full and effective control over the activities of the Trust and it recognises that internal control and risk management are important aspects of corporate governance.

During the period under review, the Board of Trustees met 35 times and the participation by Trustees was as follows:

	From 1st April to 31st March	
Name of Trustee	2016	2017
Mrs Esther Chioko	21/21	14/14
Mrs Nancy Tembo	21/21	14/14
Mr Jim Nsomba	14/21	12/14
Mayer Chisanga SC*	3/21	13/14
Eng. Wilson Chirwa*	3/21	14/14
Mrs Linda Phiri***	-	4/14
Mrs Audrey Mwala***	-	4/14
Mr Tony Kandiero***	19/21	9/14
Dr George Kayambo***	21/21	9/14
Mr Ben Chidyaonga**	16/21	
Prof Peter Mwanza**	13/21	

* *These Trustees were appointed to the Board of Trustees in February 2016*

** *These Trustees retired from the Board of Trustees in February 2016 and were replaced by Mr Mayer Chisanga SC and Eng. Wilson Chirwa*

*** *Mrs Audrey Mwala and Mrs Linda Phiri joined the Board of Trustees in September 2016. They replaced Dr George Kayambo and Mr Tony Kandiero who retired in August 2016.*

STANDING COMMITTEES OF THE BOARD

The Board of Trustees of Press Trust has three standing Committees to which various matters are delegated in accordance with their respective Terms of Reference. The Board also establishes committees on an ad hoc basis to deal with particular matters as and when the need arises. In doing so, the Board specifies the remit, quorum and participation of Trustees in the committees.

The Chairperson of the Board of Trustees does not participate in any of the Committees. As such, the membership of the Committees is refreshed every year as one Trustee steps down from the Chair and another ascends to it. The membership of every committee is four Trustees at any one time. As a result, the six Trustees, except the Chair, sit in two committees.

Finance and Audit Committee

The Committee has defined terms of reference and authority granted to it by the Board. In line with its terms of reference, the Committee is responsible for monitoring the integrity of the financial statements of the Trust and any formal announcements relating to financial performance and position of the Trust. It regularly reviews the effectiveness of the Trust's internal controls over management information and it monitors the independence and effectiveness of the Trust's external auditors and receives and considers their reports.

The Executive Secretary, the Head of Finance and Administration and the Finance Manager attend the Committee Meetings. The Trust's external and internal auditors have unrestricted access to the Committee.

During the period under review, the Finance and Audit Committee comprised the following members at various times:

Mr Jim Nsomba - Chairman
Mrs Nancy Tembo
Mr Mayer Chisanga SC
Mrs Audrey Mwala
Mrs Esther Chioko
Eng. Wilson Chirwa
Dr George Kayambo

The Committee met eight times and the participation of members was as follows:

Name of Trustee	From 1st April to 31st March 2016	2017
Mr Jim Nsomba	3/3	4/5
Mrs Nancy Tembo	3/3	5/5
Mr Mayer Chisanga SC***		5/5
Mrs Audrey Mwala**		2/5
Mrs Esther Chioko*	3/3	
Eng. Wilson Chirwa***		3/5
Dr George Kayambo**	3/3	

* *Mrs Esther Chioko served as Chairperson of the Trust in 2017 and therefore did not attend any Committee meetings during that time*
** *Dr George Kayambo retired from the Board of Trustees in August 2016 while Mrs Audrey Mwala joined the Board of Trustees in September 2016*
*** *The two Trustees joined the Board of Trustees in February 2016.*

Human Resources Committee

As with all the standing Committees of the Board, the Human Resources Committee has defined terms of reference and authority granted to it by the Board. The committee is responsible for formulating and implementing the appointments and remuneration policy of the Trust. The Committee makes recommendations to the Board in relation to the appointment of Trustees, the structure of the Board and membership of the Board's main standing committees. It is responsible for making recommendations to the Board in relation to the appointment, remuneration and development of executive management of the Trust. In addition, the Committee is responsible for making recommendations to the Board regarding the appointment of Directors to the boards of the Trust's subsidiaries and associate companies.

During the period under review, the Finance and Audit Committee comprised the following members at various times:

Mr Mayer Chisanga SC – Chairman
Mr Jim Nsomba
Mrs Esther Chioko
Mrs Nancy Tembo
Eng Wilson Chirwa
Mrs Linda Phiri
Mr Tony Kandiero (Chairman prior to retirement)
Dr George kayambo
Mr Ben Chidyaonga
Prof Peter Mwanza

During the two years under review, the Committee met 12 times and participation of members was as follows:

Human Resources Committee

Name of Trustee	From 1st April to 31st March 2016	2017
Mr Mayer Chisanga SC**	1/6	6/6
Mr Jim Nsomba	4/6	5/6
Mrs Esther Chioko*	1/6	3/6
Mrs Nancy Tembo	4/6	
Eng. Wilson Chirwa**	-	3/6
Mrs Linda Phiri***	-	3/6
Mr Tony Kandiero***	6/6	3/6
Dr George Kayambo*	5/6	
Mr Ben Chidyaonga**	1/6	
Prof Peter Mwanza**	4/6	

* *These Trustees partly served as Chairperson of the Trust during the period and therefore did not attend any Committee Meetings during that time*
** *Eng Wilson Chirwa and Mr Mayer Chisanga SC joined the Board of Trustees in February 2016 to replace Prof Peter Mwanza and Mr Ben Chidyaonga who had retired*
*** *Mrs Linda Phiri joined the Board of Trustees in September 2016. She replaced Dr George Kayambo who retired in August 2016. Mr Tony Kandiero also retired in August 2016*

Operations, Risk and Investments Committee

In line with its Terms of Reference, the Operations, Risk and Investments Committee is responsible for formulating and implementing the Trust's investments and social development policy. The Committee considers and makes recommendations to the Board on all applications for social development projects funding and all new proposed commercial investments. The Committee is also responsible for overseeing the formulation and implementation of the Trust's risk management policy. The Trust's mandate of managing investments and donating proceeds therefrom towards socio-development programmes necessitates the need for sound risk management procedures.

The Executive Secretary, the Head of Operations and the Projects Manager attend the Committee Meetings.

During the period under review, the Operations, Risk and Investment Committee comprised the following members at various times:

Mrs Nancy Tembo – Chairperson
Mr Jim Nsomba
Mrs Esther Chioko
Mrs Audrey Mwala
Mrs Linda Phiri
Eng Wilson Chirwa
Mr Tony Kandiero
Prof Peter Mwanza

During the two year period under review, the Committee met seven times and the attendance was as follows:

Name of Trustee	From 1st April to 31st March 2016	2017
Mrs Nancy Tembo	-	4/4
Mr Jim Nsomba	3/3	
Mrs Esther Chioko*	3/3	2/4
Mrs Audrey Mwala***	-	2/4
Mrs Linda Phiri***	-	2/4
Eng. Wilson Chirwa**	-	4/4
Mr Tony Kandiero	3/3	2/4
Prof Peter Mwanza**	3/3	-

* *Mrs Esther Chioko served as Chairperson of the Trust in 2017 and therefore did not attend any Committee Meetings during that time*
** *Eng. Wilson Chirwa joined the Board of Trustees in February 2016 to replace Prof Peter Mwanza who had retired*
*** *These Trustees joined the Board of Trustees in September 2016 after replacing Mr Tony Kandiero and Dr George Kayambo*

BOARD INFORMATION AND DEVELOPMENT

Under the direction of the Chairperson, the Executive Secretary is responsible for advising the Board on all governance issues, induction of new Trustees, ensuring that board procedures are followed and applicable rules and regulations are complied with. All Trustees individually and as a Board, have access to the advice and services of the Executive Secretary. Trustees are also entitled and authorised to seek independent and professional advice about the affairs of the Trust at the Trust's expense where necessary in fulfilling their duties.

Trustees periodically attend training programmes outside the country in order to keep up with knowledge levels required for their oversight responsibilities.

INTERNAL AUDIT

The Trust outsourced the internal audit function to a duly registered practicing audit firm. The Board monitors the effectiveness of the Trust's internal controls and compliance with systems, policies and procedures through internal audit reports which are submitted directly to the Finance and Audit Committee. The principal role of the internal auditor is to ensure that the Trust accomplishes its objectives through a systematic and disciplined approach in a control environment that is continuously improving and learning.

INDEPENDENCE OF EXTERNAL AUDITORS

The Board has systems in place for ensuring the independence, integrity, competence and professionalism of the Trust's external auditors. The Board has satisfied itself that during the period under review, no aspect of the external auditors' work was impaired on these grounds.

EXECUTIVE MANAGEMENT COMMITTEE

The Trust also has in place an Executive Management Committee which comprises the Executive Secretary and all Executives and Managers. The Committee normally meets monthly and the main aim of the Management Meetings is to ensure that the wishes, instructions and resolutions of Trustees are timely and properly implemented.

By Order of the Board of Trustees.

Patrick D. Mhango
EXECUTIVE SECRETARY

PRESS TRUST

Consolidated and separate financial statements for the year ended 31 March 2017

REPORT OF THE TRUSTEES

The Trustees have pleasure in presenting the audited consolidated and separate financial statements for the year ended 31 March 2017 and report thereon as follows: -

STATEMENT OF COMPREHENSIVE INCOME

The Trustees report a consolidated deficit of MK332 million (2016: MK225 million) for the year.

SUBSIDIARIES

Details of investments in subsidiaries as at 31 March 2017 are shown in note 17 on page 89.

RESERVES

Details of the reserves of the Trust and the Group are shown in the statements of changes in reserves on pages 59-60.

TRUSTEES

The following Trustees, appointed in terms of the deed of the Trust, served office during the year:

Mrs. Esther Chioko	(Chairperson)
Mrs. Nancy Tembo	
Mr. Jim Nsomba	
Mr. Mayer Chisanga, SC	
Eng. Wilson Chirwa	
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)
Mrs Linda Phiri	(Trustee from 8th September 2016)

TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Trustees accept that it is their duty to prepare financial statements annually which give a true and fair view of the state of the Trust and Group's affairs at the reporting date and their results for the period then ended and otherwise comply with the requirements of the Trustees Incorporation Act and the Companies Act.

The Trustees also acknowledge their duty to ensure the Trust and the Group keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and the Group and enable them to ensure that the financial statements comply with the Trustees Incorporation Act.

In preparing the financial statements the Trustees accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and consistent application thereof;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with International Financial Reporting Standards, when preparing financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the Trust and the Group will continue in business.

The Trustees are also responsible for establishing internal controls that ensure the propriety of transactions and accuracy and reliability of the accounting records and to safeguard the assets of the Trust against loss by theft, fraud, defalcation or otherwise.

The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Trust and the Group and of its operating results and cash flows for the year ended 31 March 2017.

TRUSTEE

TRUSTEE

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF PRESS TRUST

Deloitte.

P.O Box 30364
Lilongwe
Malawi

Public Accountants
Deloitte House
City Centre

Tel : +265 (0)1 773 699
+265 (0)1 773 069
Fax : +265 (0)1 772 276
Email : lldeloitte@deloitte.co.mw

OPINION

We have audited the separate annual financial statements of Press Trust and the group annual financial statements of Press Trust and its subsidiaries Press Trust Overseas Limited and Press Agriculture Limited ("the group"), as set out on pages 56 to 108 which comprise the consolidated and separate statements of financial position as at 31 March 2017, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in reserves and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the group as at 31 March 2017, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Companies Act and the Trustees Incorporation Act, 1962, so far as concerns Trustees of the Trust.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Malawi. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1.3 to the financial statements, which indicates that the group incurred a deficit of MK332 million (2016: MK225 million) and the Trust realised a surplus of MK397 million (2016: MK182 million) during the year ended 31 March 2017 and, as at that date, the group had net current liabilities of MK813 million (2016: MK296 million) and the Trust had net current assets of MK274 million (2016: MK85 million). The group had accumulated deficit of MK4 060 million (2016: MK3 727 million) and the Trust had accumulated surplus of MK1 971 million (2016: MK1 574 million).

The Trustees are aware of the financial challenges the group's subsidiary, Press Agriculture Limited is facing. In view of this, the Trustees endorsed Press Agriculture Limited (PAL) 10-year strategic plan and beginning the 2017/18 season plans to recapitalise the company's operations to the tune of USD8.4 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. PAL is targeting to expand its farming operations from 4 050 hectares in 2016/2017 season to 9 000 hectares in 2017/2018 season. To progressively increase crop production, PAL secured working capital facility of USD3.5 million from Export Development Fund (EDF). This facility was specifically obtained to increase production on non-traditional crops mainly pigeon peas and soya beans.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF PRESS TRUST (continued)

PAL also secured a loan of MK1.3 billion from CDH Investment Bank to finance its capital expenditure that will significantly be utilised for the purchase of irrigation equipment and tractors.

Trustees continue to provide maximum support to the subsidiary and discussions are at an advanced stage to restructure the PAL's statement of financial position by converting the indebtedness with Press Trust and Press Trust Overseas Limited into redeemable preference shares.

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. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the consolidated financial statements of Press Trust Group for the year ended 31 March 2017.

Key Audit Matter	How the matter was addressed in the audit
Property valuation As disclosed in note 14 on page 86 of the financial statements, land and buildings for the group were revalued as at 31 March 2017 on the open market value basis. The resultant surplus was taken to other comprehensive income and allocated to property revaluation reserve in the statement of changes in equity. The revaluation surplus relating to valuation of land and buildings of the group amounted to MK4.9 billion for the year while the carrying value of property, plant and equipment was MK10.8 billion. The total revaluation surplus represent 9% of the total assets of the group as at 31 March 2017, which is material to the financial statements. Significant judgement is required in assessing the market value of land and buildings specifically for agricultural property. The Group, through its subsidiary, Press Agriculture Limited engaged an independent registered valuer who used Depreciated Replacement Cost (DRC) to determine the fair value/market value. For the purposes of financial reporting Depreciated Replacement Cost is acceptable method to arrive at a surrogate for the market value of specialised or limited market properties for which market evidence is not available. Accordingly, this falls under level 2 inputs of IFRS 13 Fair Value Measurement as disclosed in Note 34.2 and we therefore identified property valuation as a key audit matter due to the fact that the valuation process involves a high degree of judgement and its complex in nature.	In evaluating the property valuation, we performed various procedures including the following: • We evaluated the competence, capabilities, and objectivity of the management's expert (Knight Frank); • We obtained an understanding of the work of the management's expert to determine the nature, scope and objective of the expert's work; • We obtained the valuation report prepared by the management expert and evaluated the relevance and reasonableness of the expert's findings or conclusions, their consistency with other audit evidence, and whether they have been appropriately reflected in the financial statements; • We evaluated the assumptions and methods, the relevance and reasonableness of those assumptions and methods; • We also evaluated source data, the relevance, completeness, and accuracy of that source data; and • We assessed the valuation results for reasonableness. The Depreciated Replacement Cost method used for calculation of the land and buildings value was appropriate. The social economic factors incorporated in the valuation report were in line with the rates published by National Statistical Office. We therefore, considered the property valuation for Press Agriculture Limited to be appropriate.

Key Audit Matter	How the matter was addressed in the audit
Borrowings The group had significant borrowings as at 31 March 2017 obtained by Press Agriculture Limited. Press Agriculture Limited obtained a commercial paper from CDH Investment Bank of MK1 billion to augment its working capital. The facility will run for a period of 12 months up to 31 December 2017 provided that all amounts including capital and interest accrued shall be fully paid when and as demanded by CDH Investment Bank. In addition the group concluded an agreement with Limbe Leaf Tobacco Company (LLTC) to sublease the group's four estates (numbers 15, 16, 17 and 18) for a period of 22 years from 1 February 2016 at US$40 per hectare, which translates to an equivalent sublease fee of US$1.9 million for the 2 175 hectare subleased, with an option to buy and transfer the estates at any time during the sublease period without any further payment by LLTC. Under the sublease agreement, the total sublease fee of US$1.9 million would be payable in advance and be offset against the adjusted loan of US$2.3 million owed by General Farming Company Limited (A subsidiary of Press Agriculture Limited) to LLTC leaving a loan of US$0.35 million. The borrowings have been considered as a key audit matter due to uncertainties arising from non-repayment of loans. In the past Press Agriculture Limited has been bailed out by Press Trust, its parent company to repay significant portion of its loans. This presents a risk that borrowing covenants may not be complied with and inadequate disclosure of borrowings particularly for off-setting LLTC loan facility against the sub lease fees.	To address this risk we performed the following procedures: We tested compliance with covenants and significant agreement provisions at period end; and We also ensured that foreign currency denominated borrowings have been correctly retranslated to Kwacha. Additionally, we ensured that all related party borrowings have been properly disclosed in the financial statements. With regards to LLTC transaction, we reviewed the lease agreement and assessed the transaction against the appropriate accounting standards and laws of Malawi and determined as follows: 1) Since the agreement was only finalised in current year even though effective from prior year, there was no error in the prior year loan balance because the discussions had not yet been finalised as at the time of finalising the 2016 financial statements, hence no need for prior year adjustments; 2) Even though the agreement gives LLTC an option to buy the leased estates without any further payment, a sale cannot be deemed to have taken place because all sales of land require Government consent before they can be finalised and it is currently not certain as to whether the Government will grant the Consent. 3) Notwithstanding (2) above, as the group has made these estates available for LLTC to buy without any additional payment in exercise of the option in the agreement, these estates remain available for sale and have been so accounted for accordingly.

Other Information

The trustees are responsible for the other information. The other information comprises the Report of the Trustees as required by the Trustees Incorporation Act which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF PRESS TRUST (continued)

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees for the Consolidated and Separate Financial Statements

The trustees are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Trustees Incorporation Act and the Companies 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.

In preparing the consolidated and separate financial statements, the trustees are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

PRESS TRUST

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Trustees, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte
Chartered Accountants
Vilengo Beza
Partner
21 July 2017

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	TRUST 2017 MK'000	TRUST 2016 MK'000	GROUP 2017 MK'000	GROUP 2016 MK'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	5	798 611	959 397	798 611	959 397
Interest income	6	429 830	220 058	696 167	111 238
Other income	7	383 999	1 815 287	615 391	446 231
Total income		1 612 440	2 994 742	2 316 769	2 164 923
OPERATING EXPENDITURE					
Administration expenditure	33	(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	8	(185 282)	(3 164 667)	-	-
Interest expense	6	-	-	(368 770)	(1 211 870)
Reversal of impairment of staff and other receivables		15 262	-	15 262	-
Realised profit on sale of equities	9	-	1 765 186	-	1 765 186
SURPLUS BEFORE CHARITABLE EXPENDITURE	10	823 459	952 720	81 082	563 408
CHARITABLE EXPENDITURE					
Project funding approvals	11	(416 614)	(765 634)	(416 614)	(765 634)
Completed/discontinued projects					
Under provision	11	26 970	28 961	26 970	28 961
Donations	12	(36 887)	(33 684)	(36 887)	(33 684)
Total charitable expenditure		(426 531)	(770 357)	(426 531)	(770 357)
Surplus/ (deficit) before tax		396 928	182 363	(345 449)	(206 949)
Taxation	13	-	-	13 315	(18 058)
SURPLUS/ (DEFICIT) FOR THE YEAR TRANSFERRED TO GENERAL FUND		396 928	182 363	(332 134)	(225 007)
OTHER COMPREHENSIVE INCOME					
Revaluation surplus		-	-	4 895 473	650 472
Deferred tax		-	-	(594 915)	18 413
Fair value gain on available for sale financial assets		1 344 698	3 413 518	1 358 915	3 371 327
Exchange differences on translating foreign operation		88 483	963 838	88 483	963 838
TOTAL OTHER COMPREHENSIVE INCOME		1 433 181	4 377 356	5 747 956	5 004 050
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1 830 109	4 559 719	5 415 822	4 779 043
Attributable to the parent		-	-	5 526 793	5 235 105
Non-controlling interest		-	-	(110 971)	(436 063)
Total		-	-	5 415 822	4 799 042

STATEMENTS OF FINANCIAL POSITION

	Notes	TRUST 2017 MK'000	TRUST 2016 MK'000	GROUP 2017 MK'000	GROUP 2016 MK'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	14	478 985	481 068	10 768 948	6 136 721
Listed equity investments	15	36 638 321	35 184 065	38 233 264	36 507 250
Unlisted equity investments	16	232 328	232 328	232 448	232 448
Investments in subsidiaries	17	1 588 170	1 398 806	-	-
Loans due from Press Agriculture	8	6 009 956	5 824 750	-	-
Provision against loans due from Press Agriculture	8	(6 009 956)	(5 824 750)	-	-
Standing crops – growing timber	18	-	-	129 327	160 058
Total non-current assets		38 937 804	37 296 267	49 363 987	43 036 477
CURRENT ASSETS					
Standing crops	18	-	-	600 084	691 876
Inventories	19	-	-	363 005	112 229
Receivables and prepayments	20	84 348	54 296	148 415	230 834
Bank balances and cash	21	1 205 256	864 848	1 208 718	952 800
Funds held by brokers	21	-	-	300	273
Assets held for sale and discontinued operations	22	-	-	155 484	191 489
Tax recoverable		-	-	2 597	82 032
Total current assets		1 289 604	919 144	2 478 603	2 261 533
TOTAL ASSETS		40 227 408	38 215 411	51 842 590	45 298 010
RESERVES AND LIABILITIES					
Non-distributable reserves					
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		1 392 628	1 203 264	-	-
Property revaluation reserve		166 328	166 328	11 106 293	6 805 735
Total non-distributable reserves		37 241 037	35 807 856	49 440 716	43 692 760
General fund		1 970 616	1 573 688	(4 059 969)	(3 727 835)
Total reserves (page 10 and 11)		39 211 653	37 381 544	45 380 747	39 964 925
Non-controlling interest		-	-	(684 473)	(844 437)
Equity attributable to equity holders of the parent		39 211 653	37 381 544	44 696 274	39 120 488
NON-CURRENT LIABILITIES					
Sublease fees	23	-	-	1 620 851	475 809
Deferred tax	24	-	-	1 977 531	1 395 931
Long-term borrowings	25	-	-	252 769	1 748 434
Total non-current liabilities		-	-	3 851 151	3 620 174

STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	TRUST 2017 MK'000	TRUST 2016 MK'000	GROUP 2017 MK'000	GROUP 2016 MK'000
CURRENT LIABILITIES					
Project funding	11	928 600	776 270	928 600	776 270
Bank overdraft	21	10 080	3 919	69 812	310 941
Sublease fees	23	-	-	93 112	29 984
Current portion of long-term borrowings	25	-	-	1 250 023	363 273
Provisions	26	-	-	35 424	189 632
Accounts payable	27	77 075	53 678	857 428	826 482
Tax Payable		-	-	60 766	60 766
Total current liabilities		1 015 755	833 867	3 295 165	2 557 348
TOTAL RESERVES AND LIABILITIES		40 227 408	38 215 411	51 842 590	45 298 010

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:

TRUSTEE

TRUSTEE

STATEMENTS OF CHANGES IN RESERVES

TRUST

	Fair value reserve on listed invest-ments MK'000	Fair value reserve on unlisted invest-ments MK'000	Fair value reserve on foreign invest-ments MK'000	Property re-valuation reserve MK'000	General fund MK'000	Total MK'000
For the year ended 31 March 2016						
At the beginning of the year	31 011 766	12 980	2 187 728	166 328	1 391 325	34 770 127
Surplus for the year	-	-	-	-	182 363	182 363
Fair value surplus (Note 15)	3 413 518	-	-	-	-	3 413 518
Fair value deficit (Note 17)	-	-	(1 948 302)	-	-	(1 948 302)
Translation gain (Note 17)	-	-	963 838	-	-	968 838
At the end of the year	34 425 284	12 980	1 203 264	166 328	1 573 688	37 381 544
For the year ended 31 March 2017						
At the beginning of the year	34 425 284	12 980	1 203 264	166 328	1 573 688	37 381 544
Surplus for the year	-	-	-	-	396 928	396 928
Fair value surplus (Note 15)	1 243 817	-	100 881	-	-	1 344 698
Fair value deficit (Note 17)	-	-	-	-	-	-
Translation gain (Note 17)	-	-	88 483	-	-	88 483
At the end of the year	35 669 101	12 980	1 392 628	166 328	1 970 616	39 211 653

STATEMENTS OF CHANGES IN RESERVES (continued)

GROUP

	Fair value reserve on listed invest-ments MK'000	Fair value reserve un-on listed invest-ments MK'000	Property reval-uation reserve MK'000	General fund MK'000	Total MK'000	Non-control-ling interest MK'000	Attri-butable to equity holder of parent MK'000
For the year ended 31 March 2016							
At beginning of the year	32 866 323	12 980	6 136 850	(3 830 271)	35 185 882	(450 514)	34 735 368
Deficit for the year	-	-	-	(225 007)	(225 007)	(436 063)	(661 070)
Deferred tax	-	-	18 413	-	18 413	1 160	19 573
Realised gain on sale of listed equity	(327 443)	-	-	327 443	-	-	-
Revaluation surplus	-	-	650 472	-	650 472	40 980	691 452
Translation gain	963 838	-	-	-	963 838	-	963 838
Fair value surplus (Note 15)	3 371 327	-	-	-	3 371 327	-	3 371 327
Attributable to equity holders of the parent	36 874 045	12 980	6 805 735	(3 727 835)	39 964 925	(844 437)	39 120 488
For the year ended 31 March 2017							
At beginning of the year	36 874 045	12 980	6 805 735	(3 727 835)	39 964 925	(844 437)	39 120 488
Deficit for the year	-	-	-	(332 134)	(332 134)	(110 971)	(443 105)
Deferred tax	-	-	(594 915)	-	(594 915)	(37 480)	(632 395)
Realised gain on sale o f listed equity	-	-	-	-	-	-	-
Revaluation surplus	-	-	4 895 473	-	4 895 473	308 415	5 203 888
Translation gain	88 483	-	-	-	88 483	-	88 483
Fair value surplus (Note 15)	1 358 915	-	-	-	1 358 915	-	1 358 915
Attributable to equity holders of the parent	38 321 443	12 980	11 106 293	(4 095 969)	45 380 747	(684 473)	44 696 274

STATEMENTS OF CASH FLOWS

	Notes	TRUST 2017 MK'000	TRUST 2016 MK'000	GROUP 2017 MK'000	GROUP 2016 MK'000
Cash flows from operating activities					
Surplus for the year before charitable expenditure		823 459	952 720	81 082	563 408
Adjustments for: -					
Depreciation	14	49 608	50 213	408 880	385 787
Amortisation	18	-	-	41 776	41 105
Dividends receivable	15-16	(798 611)	(959 397)	(798 612)	(959 397)
Interest receivable	6	(429 830)	(220 058)	(696 167)	(111 238)
Interest payable	6	-	-	368 770	1 211 870
Loss/(profit) on disposal of plant and equipment		(1 672)	834	(1 672)	834
Profit on disposal of assets held for sale		-	-	-	(41 216)
Profit on disposal of investments		-	(1 765 186)	-	(1 943 311)
Provision for doubtful loans	8	185 282	3 164 667	-	-
Unrealised exchange gains on foreign currency loan	8	(361 905)	(1 770 176)	-	-
Project funding disbursements	11	(237 314)	(302 269)	(237 314)	(302 269)
Donations made	12	(36 887)	(33 684)	(36 887)	(33 684)
Cash absorbed by operating activities before changes in net operating assets		(807 870)	(882 336)	(870 144)	(1 188 111)
Movement in sublease fees		-	-	1 208 170	118 494
Movement in inventories		-	-	(250 776)	(13 998)
Movement in growing crops		-	-	91 972	13 321
Taxation paid		-	-	79 435	53 835
Movement in receivables and prepayments		(37 236)	(15 429)	75 235	697 319
Movement in accounts payable		23 397	5 115	30 946	270 134
Movement in provisions		-	-	(154 208)	9 737
Net cash (absorbed)/generated in operating activities		(821 709)	(892 650)	210 450	(39 269)
Cash flows from investing activities					
Purchase of property, plant and equipment	14	(47 762)	(15 897)	(109 865)	(24 221)
Standing crops additions	18	-	-	(11 045)	(7 522)
Purchase of equity investments	15	(210 439)	(63 470)	(278 616)	(63 740)
Recoveries from loans interest	8	337 835	127 604	-	-
Proceeds on disposal of equity investments		-	1 890 000	-	3 709 808
Proceeds on disposal of plant and equipment		1 909	-	1 909	-
Proceeds on assets held for sale		-	-	-	158 100
Recoveries from loans advanced	8	-	91 954		-
Interest received	6	268 618	106 026	696 167	111 238
Interest paid		-	-	(208 806)	(1 211 870)
Loan received	25	-	-	1 749 899	222 257
Loans advanced and interest capitalised		-	(1 500 023)	-	-
Accrued interest and exchange loss on loan capitalised		-	-	518 910	2 002 857
Loan repaid	8	-	-	(2 877 724)	(4 939 577)
Dividends received		805 795	958 606	805 795	959 606
Net cash flows from investing activities		1 155 956	1 594 800	286 624	916 206
Net increase in cash and cash equivalents		334 247	702 150	497 074	876 937
Cash and cash equivalents at beginning of the year		860 929	158 779	642 132	(234 805)
Cash and cash equivalents at end of the year		1 195 176	860 929	1 139 206	642 132
Cash and cash equivalents comprise of: -					
Bank balances and cash		1 205 256	864 848	1 208 718	952 800
Bank overdraft		(10 080)	(3 919)	(69 812)	(310 941)
Funds held by brokers		-	-	300	273
Total cash and cash equivalents		1 195 176	860 929	1 139 206	642 132

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1. NATURE OF THE TRUST

1.1 Applicable Law and Tax Status

The Trust was incorporated under the Trustees Incorporation Act on 5 March 1982. The Press Trust Reconstruction Act, 1995, revised the original trust deed dated 10 February 1982. The Trust was created to apply income for or towards such charitable purposes as are in the interest and for the benefit of the people of Malawi. The Trust's registered office is in the Press Trust offices in Kang'ombe House, Capital City, Lilongwe and its postal address is Private Bag 359, Capital City, Lilongwe3. The Trust has 13 (2016: 13) employees. As a Trust of public character, Press Trust is exempt from income tax under paragraph (b) (ix) of the First Schedule of the Taxation Act.

Press Trust has a 100% owned foreign subsidiary, Press Trust Overseas Limited. The subsidiary was incorporated to hold certain offshore investments for the Trust. The incorporation and basis of operation has been approved by the Reserve Bank of Malawi. The company is resident in British Virgin Islands. Its investments are managed by IMARA Asset Management (Zimbabwe) (Pvt) Limited.

Press Trust also has a controlling interest of 93.7% in Press Agriculture Limited (PAL) group.

In 2014, the Trust registered Press Farming, and Chemical Company Limited. The Company has authorised share capital of 10 000 ordinary shares of MK1 each. The issued share capital is 10 000 ordinary shares of MK1 each. The Trust and Agriculture Trading and Financing Company Limited each holds 1 share, representing 50% shareholding each.

In the same year, the Trust also registered Farm Management Company Limited. The company has authorised share capital of 10 000 ordinary shares of MK1 each. The issued share capital is 10 000 ordinary shares of MK1 each. The Trust and Exagris Africa Limited each holds 1 share, representing 50% shareholding each.

As of 31 March 2017 the operations of Press Farming, Chemical Company Limited and Farm Management Company Limited had not yet commenced.

1.2 Nature of PAL group business

The group is involved in the agriculture industry and grows crops on some of its farms while sub leasing others to third parties. The company's registered office is Kulima House in Kasungu, Private Bag B352, Kasungu, Malawi.

The immediate and substantive control vests in the Press Trust.

Activities during the year were carried out under Press Agriculture Limited through General Farming Limited and Press Estate Division, which is a division of Press Agriculture Limited whilst estates under Press Farming Limited were subleased to Gala Tobacco Company Limited, for the growing of tobacco which commenced in April 2007.

The activities of its subsidiaries are: -

Subsidiary	Activity
General Farming Company Limited	Growing of seed maize
Press Farming Limited	Subleased to Gala Tobacco Company Limited

To achieve operational efficiencies and improve financial performance, the group restructured its operations and stopped growing tobacco effective 2010/2011 growing season. The group has since then been focusing on growing seed maize, seed soya, seed groundnuts and seed beans.

1.3 Going concern

The group incurred a deficit of MK332 million (2016: deficit of MK225 million) and the Trust realised a surplus of MK397 million (2016: MK182 million) during the year ended 31 March 2017 and, as at that date, the group had net current liabilities of MK813 million (2016: MK296 million) and the Trust had net current assets of MK274 million (2016: MK85 million). The group had accumulated deficit of MK4 060 million (2016: MK3 727 million) and the Trust had accumulated surplus of MK1 971 million (2016: MK1 574 million).

The Trustees are aware of the financial challenges the group's subsidiary, Press Agriculture Limited is facing. In view of this Press Agriculture Limited approved a 10-year strategic plan and beginning the 2017/18 season plans to recapitalise the company's operations to the tune of USD8.4 million by investing in essential farm equipment and supplementary irrigation infrastructure. PAL is targeting to expand its farming operations from 4 050 hectares in 2016/2017 season to 9 000 hectares in 2017/2018 season. To progressively increase crop production, PAL secured working capital facility of USD3.5 million from Export Development Fund Limited (EDF). This facility was specifically obtained to increase production on non-traditional crops mainly pigeon peas and soya beans.

PAL also secured a loan of MK1.3 billion from CDH Investment Bank to finance its capital expenditure which will significantly be utilised for the purchase of irrigation equipment and tractors.

Trustees continue to provide maximum support to the subsidiary and discussions are at an advanced stage to restructure the PAL's statement of financial position by converting the indebtedness with Press Trust and Press Trust Overseas Limited into redeemable preference shares

1.4 Distribution of the Trust's Income

Clause 3(b) and Clause 3(c) of the Deed of Variation annexed to the Press Trust Reconstruction Act, state that:

"the Trustees shall distribute not less than 50% of the Trust's income in any financial year", and "if at the end of the five financial years the total amount of income distributed is less than 66% of the income arising to the Trust during that period then the Trustees shall distribute sufficient of the income accumulated during that period as if the same were income of the Trust arising in the then current year so that not less than 66% of the total income of the Trust is distributed in any five year period".

In the current year, 50% of the Trust's income amounted to MK412 million and for the five-year period ended 31 March 2017, 66% of the Trust's income amounted to MK 1 302 million. For the current year, MK427 million was distributed representing 52% and for the five-year period ended 31 March 2017 a total of MK2 188 million was distributed representing 84%. The distributions for the five-year period ended 31 March 2017 were above the minimum level as set out in clause 3(c) and the distributions for the year ended 31 March 2017 were also above the minimum levels as set in clause 3(b).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

1. NATURE OF THE TRUST (CONTINUED)

1.5 Limitations on Investments

Clause 4a, 4b and 4c of the Deed of variation annexed to the Press Trust Reconstruction Act, states that:

In addition to the Trustees' investment powers under the general law, money to be invested may be applied or invested as the Trustees shall in their absolute discretion think fit in:-

a) the purchase of or an interest upon security of any shares, stocks, funds or securities quoted on any recognised stock exchange anywhere in the world (subject to the Exchange Control Act and the Regulations made thereunder) provided that the Trustees shall not control more than 50 per cent of the voting rights of any company which forms part of the Trust Fund unless the company is the Press Corporation Limited or any other company that by reason of any reorganisation of the Press Corporation Limited or any of its subsidiaries may be owned directly by the Trustees;

b) the purchase of or at interest upon security of any land or building (the "Relevant Land") provided that before any such transaction the Trustees obtain from a qualified Chartered Surveyor selected by the Trustees for such purpose, a written report covering the following:

   i) a full description of the Relevant Land; and
   ii) the Surveyor's opinion as to the current value of the Relevant Land having regard to its current state of repair and other relevant circumstances.

c) Assets which in the opinion of the Trustees have a development benefit to Malawi but would not normally be considered a suitable investment for Trustees provided that monies so applied or invested represent no more than 50 per cent of the total value of such asset and provided that the Trustees satisfy themselves that the Co-investor being a Pension Fund, Financial Institution or reputable developer has carried out (and made available to the Trustees) appropriate due diligence work in respect of the proposed investment and has provided the remainder of the funding for the total value of such asset. Investment in such assets is within the sole discretion of the Trustees and no more than five per cent of the Trust income arising in a Financial Year may be invested in such assets.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the company has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 April 2016.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the company.

2.2 Standards and Interpretations in issue, not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but not yet effective:

Effective date	Standard, Amendment or Interpretation
Annual periods beginning on or after 1 January 2018	IFRS 9 Financial Instruments IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.
Annual periods beginning on or after 1 January 2019	IFRS 16 Leases IFRS 16 specifies how an entity will recognise, measure, present and disclose leases. The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying assets as a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.
Annual periods beginning on or after 1 January 2018	IFRS 15 Revenue from Contracts with Customers IFRS 15 specifies how and when an entity will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
Annual periods beginning on or after 1 January 2017	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) Amends IAS 12 Income Taxes to clarify the following aspects: • Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. • The carrying amount of an asset does not limit the estimation of probable future taxable profits. • Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. • An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Effective date	Standard, Amendment or Interpretation
Effective for annual periods beginning on or after 1 January 2018	Transfers of Investment Property (Amendments to IAS 40) The amendments to IAS 40 Investment Property: • Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. • The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.
Annual periods beginning on or after 1 January 2017	Disclosure Initiative (Amendments to IAS 7) Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
Overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for three years after that date	Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4). Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4: • an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; • an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

Effective date	Standard, Amendment or Interpretation
The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017	Annual Improvements to IFRS Standards 2014–2016 Cycle Makes amendments to the following standards: • IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose. • IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. • IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
Annual reporting periods beginning on or after 1 January 2018	IFRIC 22 Foreign Currency Transactions and Advance Consideration The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary. The Interpretations Committee came to the following conclusion: • The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. • If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The Trustees anticipate that other than IFRS 15 and IFRS 9, these Standards and Interpretations in future periods will have no significant impact on the financial statements of the company. IFRS 9 will impact the measurement of financial instruments whilst IFRS 15 will affect recognition of revenue.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared in terms of the historical cost basis, except for the revaluation of certain financial instruments and property. Procedures are not adopted to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

The significant accounting policies of the Group, which are set out below, have been consistently followed in all material respects.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Press Trust (the Trust) and entities controlled by the Trust. Control is achieved where the Trust has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring all intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interest of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3.1 Subsidiary investment and associates

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment done, and are initially measured at fair value, net of transaction costs. Subsequently these are measured at cost less impairment loss.

3.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Malawi Kwacha, the functional currency of the primary economic environment in which the entire Group operates. The consolidated financial statements are presented in Malawi Kwacha, which is the Group's functional and presentation currency.

(b) Transactions and balances

Transactions in currencies other than Malawi Kwacha are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

3.3 Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial assets (Continued)

AFS financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss for the year.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3.4 Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the company.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Trust are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3.5 Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and loan receivables, where the carrying amount is reduced through the use of an allowance account. When trade and loans receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.6 Property, plant and equipment

Land and buildings are shown at the latest valuation, with subsequent additions at cost. Valuations are carried out with sufficient regularity so that the carrying value reflects the fair value of the properties on the open market at the reporting date.

Surpluses on revaluation are transferred to a non-distributable property revaluation reserve. On disposal of the assets, the appropriate portion of the revaluation reserve is transferred to the general fund.
Depreciation is charged so as to write off the cost of the assets over their estimated useful lives less residual values, using the straight line method as follows: -

Buildings	-	20-50 years
Furniture and equipment	-	3-10 years
Motor vehicles	-	4-5 years
Lease hold property	-	6-20 years
Land development and buildings	-	6-100 years
Office and workshop buildings	-	40 years
Water and electricity supply and conservation works	-	6-40 years

3.7 Inventories

Inventories and work in progress, are valued at the lower of cost and net realisable value and, where applicable, include direct labour costs and those overheads that have been incurred in bringing the inventory to its present location and condition. Inventory is valued using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs necessary to make the sale.

3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in the comprehensive income or directly in equity respectively. Where current and deferred tax arise from the initial accounting for a business combination, the tax effect is taken into account in the accounting for the business combination.

3.9 Impairment of non-financial assets

At the end of each reporting period, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings, other than investment property, carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior year. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Biological assets

In line with International Accounting Standard 41 Agriculture, paragraph 30, plantations are accounted for at cost less accumulated depreciation and accumulated impairment losses. Costs comprise all directly attributable costs incurred until the biological asset reaches full productive capacity.

Plantations are accounted for at cost less accumulated depreciation and accumulated impairment losses rather than at annually appraised fair values (the benchmark presentation under IAS 41) because there are no active markets for forestry plantations in Malawi. Further the produce market prices and Malawi Kwacha exchange rates are considered too volatile for alternative valuation methods to give reliable fair value estimates at the end of the reporting period.

The capitalisation periods after planting are seven years for macadamia and cashew and four years for coffee.

The standing crops are depreciated on a straight line basis over their expected useful economic lives as follows:

Timber plantations	12 years

In addition to the long-term development costs, the group incurs recurring direct standing crop management costs, which enhance the yields for the next harvest season. For cashew and macadamia such costs are capitalised until the next harvest when they are transferred to inventory as the cost of agricultural produce. The extent of capitalised costs is limited to the projected net realisable value after allowing for selling costs.

Further to that, the group incurs costs of growing crops and that all costs incurred as at reporting period is capitalised as current assets

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earning on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they incurred.

3.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Sales of goods are recognised when goods are delivered and title has passed.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.13 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable amount is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.14 Dividend income

Income from investments is recognised when the shareholders' rights to receive payment have been established.

3.15 Interest income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

3.16 Retirement benefit costs

The group operates a defined contribution externally managed plan. The retirement benefit plan is funded by payments from employees and the Trust. The Trust's contributions are charged as an expense as they fall due.

3.17 Project expenditure

Project expenditure is accrued when the Trustees have approved the project creating a legal obligation on the Trust. All payments made are debited to the project accruals account. On completion of the project any under/over accruals are taken to the statement of comprehensive income.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Critical judgements in applying the Trust's accounting policies

No critical judgements were made by the Trustees during the current period which would have a material impact on the financial statements.

4.2 Key sources of estimation uncertainty

The key assumption concerning the future and key sources of estimation uncertainty at the reporting date, that has a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year is discussed below.

4.2.1 Valuation of property, plant and equipment

Property is carried at fair value in accordance with IAS 16 Property, Plant and Equipment. The fair value is determined by a qualified valuer based on expected market property prices.

Management has reviewed the residual values used for the purposes of depreciation calculations in the light of the requirement for an annual review of residual values in IAS 16 Property, Plant and Equipment.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (continued)

4.2.2 Fair value of standing crops

The estimation of the fair value of growing crops are at the end of the reporting period based on estimated yields and an estimated percentage of completion of biological transformation and is carried out by management. In most cases crops are sold at determined contract prices: subsequent cost up to and including harvesting are reasonably predictable.

The harvest may differ in yield from expectation. The percentage completion estimate relies not only on the pro-rated portion of the expected growing season, but is also weighted to produce a valuation which approximates to a potential market value of the crop in the field, though there is no such active market. In the present period, subsequent realisations substantially support the estimate made reasonable

4.2.3 Listed and unlisted investments

Listed and unlisted investment are measured at fair value for financial reporting purposes. The board of trustees determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value for listed and unlisted investments, the trustees use market-observable data to the extent it is available. Where level 1 inputs are not available, the trustees engage third party qualified external valuers to establish the appropriate techniques and inputs to the model.

Information about the valuation technique and inputs used in determining the fair value of these investments is disclosed in note 3.3.

5. DIVIDEND INCOME

	TRUST		GROUP	
	2017 MK'000	2016 MK'000	2017 MK'000	2016 MK'000
Listed equity investments (note 15)	656 860	842 658	656 860	842 658
Unlisted equity investments (note 16)	141 751	116 739	141 751	116 739
Total dividend receivable	798 611	959 397	798 611	959 397

6. INTEREST

	TRUST		GROUP	
	2017 MK'000	2016 MK'000	2017 MK'000	2016 MK'000
Interest income				
Loan interest				
Press Agriculture Limited	161 212	114 032	-	-
Share ownership scheme	380	358	380	357
Staff loans	5 415	3 945	5 414	3 945
Total loan interest	167 007	118 335	5 794	4 302
Other interest				
Short-term bank deposits	262 823	101 723	262 987	106 936
Sale of estates	-	-	427 386	-
Total other interest	262 823	101 723	690 373	106 936
Total interest income	429 830	220 058	696 167	111 238
Interest expense				
Interest on borrowings	-	-	368 770	1 106 154
Interest on overdrafts	-	-	-	105 716
Total interest expense	-	-	368 770	1 211 870

7. OTHER INCOME

	TRUST		GROUP	
	2017 MK'000	2016 MK'000	2017 MK'000	2016 MK'000
Exchange gains	370 820	1 808 889	8 915	62 018
Sundry income	11 507	7 312	604 804	385 047
Profit/ (loss) on disposal of plant and equipment	1 672	(834)	1 672	(834)
Total other income	383 999	1 815 287	615 391	446 231

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

8. LONG-TERM LOANS

Due from Press Agriculture Limited

	TRUST 2017 MK'000	TRUST 2016 MK'000
At the beginning of the year	5 824 674	2 660 083
Advanced during the year	-	1 500 023
Principal repayments	-	(91 954)
Unrealised exchange gain	361 905	1 770 176
Interest repayment	(337 835)	(127 610)
Accrued interest	161 212	114 032
Total loans	6 009 956	5 824 750
Provision for doubtful loans	(6 009 956)	(5 824 750)
At the end of the year	-	-
Maturity Profile		
Receivable within 1Year	153 059	689 492
Receivable after 1Year	5 856 897	5 135 258
At the end of the year	6 009 956	5 824 750
Movement in long-term loans provision		
At the beginning of the year	5 824 674	2 660 083
Reversal of loan Provision	(337 835)	-
Additional provision	523 117	3 164 667
Net increase in provision for doubtful loans	185 282	3 164 667
At the end of the year	6 009 956	5 824 750

Press Agriculture

The Press Agriculture Limited (PAL) loan is denominated in United States Dollars and bears interest at 1.5% above LIBOR and is repayable within 20 semi-annual instalments. It is secured over tobacco proceeds from General Farming Company Limited. The initial amount obtained in 2003 was for US$2.4 million. Additional loans amounting to US$2.4 million and US$5.9 million were advanced by the Trust and its subsidiary Press Trust Overseas Limited to Press Agriculture Limited in April 2008 and August 2013 respectively, to enable it to repay its indebtedness to Limbe Leaf Tobacco Company Limited that had fallen due and the Trust had become liable as a guarantor. In October 2015, the Trust advanced an additional loan of US$2.7 million (MK1 500 million) to PAL to assist it pay its indebtedness to CDH Investment Bank.

PAL has not been able to substantially meet its obligations as per agreement due to cash flow problems, and thus technically in default. The loan provides for a clause to notify Press Trust Limited of any failure to pay and thus management has utilised this clause and repayment of the loan for the period ended 31 March 2017 was deferred subject to a positive cash flow. PAL obtained approval from the holding entity (Press Trust) on 5 May 2010 to defer repayment of the loan, subject to a positive cash flow.

Accordingly, the loan has been classified as non-current in line with paragraph 75 of International Accounting Standard 1, Presentation of Financial Statements. The carrying amounts of the total loans advanced to PAL were written down to nil in prior years due to significant financial difficulties affecting the entity. Although PAL managed to pay MK337.8 million during the year, the Company's overall status had not changed as at 31 March 2017 and the Trustees have maintained full provisions against the principal and accrued interest on the loans.

9. REALISED PROFIT ON SALE OF UNLISTED EQUITY INVESTMENTS

	TRUST 2017 MK'000	TRUST 2016 MK'000	GROUP 2017 MK'000	GROUP 2016 MK'000
Local unlisted equity investments	-	1 765 186	-	1 765 186
Total	-	1 765 186	-	1 765 186

In the prior year, the Trust disposed its entire shareholding in Indebank at MK1.890 billion. The Investment was held at a cost of MK124.814 million. From this transaction, it made a profit of MK1.765 billion in that year.

10. SURPLUS BEFORE CHARITABLE EXPENDITURE

Surplus before charitable expenditure is arrived at after taking into account:-

	TRUST 2017 MK'000	TRUST 2016 MK'000	GROUP 2017 MK'000	GROUP 2016 MK'000
Staff costs	319 333	277 574	676 167	589 664
Depreciation	49 608	50 213	408 654	385 788
Board expenses	39 979	111 427	51 909	119 359
Gratuity	7 266	6 318	28 443	6 318
Auditor's remuneration - current year	17 869	19 072	59 480	54 022
- prior year	1 082	-	1 082	-
Legal fees	772	1 814	2 580	3 177
Pension contribution	21 248	18 767	46 642	18 767
(Reversal)/provision for bad debts	(15 262)	-	(15 262)	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

11. PROJECT FUNDING (TRUST AND GROUP)

For the year ended 31 March 2017

	Brought from 2016 MK'000	Dis-bursement MK'000	Approvals accrued MK'000	Completed Projects MK'000	Carried forward to 2017 MK'000
Chikonde II Primary School Project	93 526	(36 958)	-	-	56 568
Chikunkha Primary School Project	-	-	65 800	-	65 800
Chimwemwe 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 Heath 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
Mwenilondo CDSS Project	3 255	-	-	-	3 255
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	(27 885)	18 077	-	(1)
Pundu CDSS Project	15 554	(30 636)	16 361	-	1 279
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	237 314	416 614	(26 970)	928 600

For the year ended 31 March 2016

	Brought from 2015 MK'000	Dis-bursement MK'000	Approvals accrued MK'000	Completed Projects MK'000	Carried forward to 2016 MK'000
Chikonde II Primary School Project	49 262	(20 736)	65 000	-	93 526
Chimwemwe Primary School Project	38 793	(44 874)	25 126	-	19 045
Chisamba Dispensary Salima Project	-	-	75 000	-	75 000
Department of Forestry	289	(13 965)	11 501	-	(2 175)
Disaster Relief Fund	10 005	-	-	-	10 005
Economics Association of Malawi	-	(2 999)	2 000	-	(999)
Gravity-fed Piped Water Scheme (Tikoliwe)	1 496	-	-	(1 496)	-
Kamuzu Academy – National Science Fair	577	(60)	3 950	-	4 467
Kamwendo Primary School Project	13 976	-	-	(13 976)	-
Loudon Teachers Training Project	63 796	(33 222)	-	-	30 574
Matapila Heath Centre Project	38 191	(23 310)	47 853	-	62 734
Mchengautuwa CDSS	33 070	(23 686)	-	-	9 384
Milepa Health Centre	(2 418)	(263)	3 000	(319)	-
Ministry of Education	2	(1)	-	-	1
Mothers Day Donations	111	(2 602)	3 000	-	509
Mwenilondo CDSS Project	5 089	(1 834)	-	-	3 255
Mzambazi Rural Hospital	-	(50)	1 500	-	1 450
Naming'azi Primary School Project	-	(2 983)	32 500	-	29 517
Mzuzu Flea Market	12 211	(2 241)	-	(9 970)	-
Nanthomba Primary School Project	659	(2 189)	1 630	(100)	-
Njini Health Centre Project	-	-	67 000	-	67 000
Nkhoma University Project	5 890	(1 072)	-	-	4 818
Nsenjere CDSS Project	-	(31 588)	52 000	-	20 412
Nyungwe Health Centre Project	-	-	67 000	-	67 000
Operation Smile	66	(13 065)	13 000	-	1
Pitala Primary School Project	-	-	60 130	-	60 130
Police Dispensary Northern Region	-	-	55 000	-	55 000
Projects Monitoring and Evaluation	(1 268)	(1 911)	3 500	-	321
Projects Promotional Activities	6 766	(29 338)	34 278	(1 899)	9 807
Pundu CDSS Project	-	(36 446)	52 000	-	15 554
Put a Child on a Desk Programme	15 146	(13 173)	-	-	1 973
Rebranding Malawi	1 201	-	-	(1 201)	-
Thomas Health Centre	48 956	(661)	89 666	-	137 961
Sub-Total	341 866	(302 269)	765 634	(28 961)	776 270

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

12. DONATIONS

	TRUST AND GROUP 2017 MK'000	TRUST AND GROUP 2016 MK'000
Blantyre Teachers College	1 500	-
Buy Malawian-Ministry of Industry and Trade	-	2 000
Bwaila Rotary Club	-	100
Think Pink	495	599
Chatinkha Maternal Wing Support (CHAMACA)	3 353	-
COSESCA	-	2 099
MANASO	250	-
MITC/Malawi Investment Forum	-	1 000
MBC Innovation Awards	2 000	4 401
Media Institute of Southern Africa (Malawi)	1 302	-
Media Council of Malawi	600	-
University of Malawi	-	1 099
Press Trust Merit Bursary	27 387	21 886
Rotary Anns	-	500
Total donations	36 887	33 684

13. TAXATION

	TRUST 2017 MK'000	TRUST 2016 MK'000	GROUP 2017 MK'000	GROUP 2016 MK'000
Taxation credit	-	-	-	35 781
Deferred tax	-	-	(13 315)	(17 723)
Total taxation	-	-	(13 315)	18 058

The group has losses carried forward for the period for taxation purposes of approximately MK14 994 million (2016: MK12 226 million). These losses have been assessed by the Malawi Revenue Authority as at 30 June 2016. The company's tax losses carried forward for the period approximated MK2 571 million (2016: MK2 336 million).

Deferred tax
No deferred tax asset has been recognised in respect of the above mentioned tax losses as this will only be recognised where there is likelihood that the group will be profitable to utilise the losses in the near future.

PRESS TRUST
Consolidated and separate financial statements for the year ended 31 March 2017

14. PROPERTY, PLANT AND EQUIPMENT (TRUST)

	Freehold land and buildings MK'000	Furniture and equipment MK'000	Motor vehicles MK'000	Total MK'000
For the year ended 31 March 2017				
COST OR VALUATION				
At the beginning of the year	325 460	55 030	231 246	611 736
Additions	23 612	10 479	13 671	47 762
Disposals	-	(7 695)	(4 048)	(11 743)
At the end of the year	349 072	57 814	240 869	647 755
ACCUMULATED DEPRECIATION				
At the beginning of the year	760	34 034	95 874	130 668
Charge for the year	760	7 847	41 001	49 608
Disposals	-	(7 492)	(4 014)	(11 506)
At the end of the year	1 520	34 389	132 861	168 770
NET BOOK VALUE				
At the end of the year	347 552	23 425	108 008	478 895

	Freehold land and buildings MK'000	Furniture and equipment MK'000	Motor vehicles MK'000	Total MK'000
For the year ended 31 March 2016				
COST OR VALUATION				
At the beginning of the year	325 460	41 029	231 246	597 735
Additions	-	15 897	-	15 897
Disposals	-	(1 896)	-	(1 896)
At the end of the year	325 460	55 030	231 246	611 736
ACCUMULATED DEPRECIATION				
At the beginning of the year	-	27 243	54 274	81 517
Charge for the year	760	7 853	41 600	50 213
Disposals	-	(1 062)	-	(1 062)
At the end of the year	760	34 034	95 874	130 668
NET BOOK VALUE				
At the end of the year	324 700	20 996	135 372	481 068

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

14. PROPERTY, PLANT AND EQUIPMENT (TRUST) (CONTINUED)

The land and buildings were revalued as at 31 March 2016 using an open market value basis. The resultant surpluses were taken to other comprehensive income and allocated to property revaluation reserve in the statement of changes in reserves. The valuations were carried out by an independent registered valuer Mr T G Msonda, Chartered Valuation Surveyor, B.Sc., Land Administration MSIM, MRICS. The register of land and buildings is available for inspection at the Trust's registered offices.

	Freehold land and buildings MK'000	Leasehold land and buildings MK'000	Furniture and equipment MK'000	Motor vehicles MK'000	Total MK'000
For the year ended 31 March 2017					
COST OR VALUATION					
At the beginning of the year	325 460	5 917 222	281 657	325 645	6 849 984
Additions	23 612	-	28 282	57 971	109 865
Assets held for sale	-	36 005	-	-	36 005
Disposals	-	-	(69 660)	(10 480)	(80 140)
Revaluation	-	4 267 263	-	-	4 267 263
At the end of the year	349 072	10 220 490	240 279	373 136	11 182 977
ACCUMULATED DEPRECIATION					
At the beginning of the year	760	369 237	131 266	212 000	713 263
Charge for the year	760	293 462	55 841	58 817	408 880
Disposals			(69 457)	(10 446)	(79 903)
Assets held for sale		16 914	(16 914)	-	-
Revaluation	-	(628 211)	-	-	(628 211)
At the end of the year	1 520	51 402	100 736	260 371	414 029
NET BOOK VALUE					
At the end of the year	347 552	10 169 088	139 543	112 765	10 768 948

Property, plant and equipment are encumbered.

Leasehold land and buildings have a lease period of 99 years commencing from between 1970 and 1975.

Land and buildings were revalued as at 31 March 2017 on an open market value basis. The resultant surplus was taken to other comprehensive income and allocated to property revaluation reserve in the statement of changes in equity. The valuation was carried out by an independent registered valuer, Mr. Nickson Mwanyali, B.Sc (Est. Man), Dip (Bus Mngt), MSIM Valuation Surveyor of Knight Frank and Mr T G Msonda, a Chartered Valuation Surveyor B.Sc., Land Administration, MSIM MRICS.

Information concerning land and building owned by the company is included in the register maintained at the company's registered office. The register is open for inspection by members or their duly authorised agents.

	Freehold land and buildings MK'000	Leasehold land and buildings MK'000	Furniture and equipment MK'000	Motor vehicles MK'000	Total MK'000
For the year ended 31 March 2016					
COST OR VALUATION					
At the beginning of the year	325 460	4 304 387	259 341	325 645	5 214 833
Additions	-	-	24 221	-	24 221
Assets held for sale -		962 363	-	-	962 363
Disposals	-	-	(1 905)	-	(1 905)
Revaluation	-	650 472	-	-	650 472
At the end of the year	325 460	5 917 222	281 657	325 645	6 849 984
ACCUMULATED DEPRECIATION					
At the beginning of the year	-	92 980	67 556	168 011	328 547
Charge for the year	760	276 257	64 781	43 989	385 787
Disposals	-	-	(1 071)	-	(1 071)
At the end of the year	760	369 237	131 266	212 000	713 263
NET BOOK VALUE					
At the end of the year	324 700	5 547 985	150 391	113 645	6 136 721

The fair value measurement of the group's property

The group's leasehold land and buildings are stated at fair value amounts, being the fair value as at the date of revaluation, less any subsequent accumulated depreciation and subsequent impairment losses. The fair value measurements of the group's leasehold land and buildings as at 31 March 2016 have been based on Land and buildings revaluation done on 30 March 2015 on the open market value basis. The resultant surpluses were taken to other comprehensive income and allocated to the property revaluation reserve in the statement of changes in equity. The valuation was done by an independent registered valuer, Mr. Don Whayo B.Sc. Dip. (Urb Man) B.A., MSIM, MRICS, Chartered Valuation Surveyor.

Land and buildings have a lease period of 99 years effective between 1970 and 1975.

A register of land and buildings giving details required under the Companies Act 1984 Schedule 3 Section 16 is maintained at the administrative office of the company and is open for inspection by members or their duly authorised agents.

Details of the group's leasehold land and buildings, and other property and information about fair value hierarchy as at 31 March 2017 are as follows;

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

14. PROPERTY, PLANT AND EQUIPMENT GROUP (CONTINUED)

Trust

	Level 1 MK'000	Level 2 MK'000	Level 3 MK'000	Fair value 2017 MK'000	Fair value 2016 MK'000
Land and buildings	-	349 072	-	349 072	325 460

Group

	Level 1 MK'000	Level 2 MK'000	Level 3 MK'000	Fair value 2017 MK'000	Fair value 2016 MK'000
Land and buildings	-	10 569 562	-	10 569 562	6 242 682

There were no transfers between levels during the year.

15. LISTED EQUITY INVESTMENTS

	TRUST		GROUP	
	2017 MK'000	2016 MK'000	2017 MK'000	2016 MK'000
At the beginning of the year	35 184 065	31 707 077	36 507 250	34 019 201
Additions	210 439	63 470	278 616	63 470
Fair value surplus taken to equity (pages 10 and 11)	1 243 817	3 413 518	1 358 915	3 371 327
Exchange gain on translation	-	-	84 483	876 740
Disposals	-	-	-	(1 823 488)
At the end of the year	36 638 321	35 184 065	38 233 264	36 507 250
Analysed as follows:				
Held by Press Trust	36 638 321	35 184 065	38 638 321	35 184 065
Held by Press Trust Overseas Limited	-	-	1 594 943	1 323 185
Total	36 638 321	35 184 065	38 233 264	36 507 250

Investments in listed companies are considered as available for sale financial assets and accounted for in accordance with accounting policy 3.3.

Investments held by Press Trust are listed on the Malawi Stock Exchanges and London Stock Exchange.

	Nominal value per share	Number of shares 2017	Holding %	Number of shares 2016	Share price 2017 MK	Share price 2016 MK	Valuation 2017 MK'000	Valuation 2016 MK'000	Dividends receivable 2017 MK'000	Dividends receivable 2016 MK'000
Malawi Investments										
Press Corporation Limited	1 tambala	53 854 101	44.78	53 526 103	540.00	535.00	29 081 215	28 636 465	455 801	695 178
Illovo Sugar (Malawi) Limited	2 tambala	12 666 120	1.80	12 666 120	215.01	200.00	2 723 342	2 533 224	-	-
Standard Bank (Malawi) Limited	1 Kwacha	5 441 594	2.50	5 388 793	550.00	440.00	2 992 877	2 371 069	92 266	69 030
Blantyre Hotels Limited	25 tambala	33 979 219	26.30	33 979 219	20.25	9.80	688 079	332 996	40 775	20 388
National Bank of Malawi	1 Kwacha	4 035 900	0.83	4 007 641	240.00	258.00	968 616	1 033 971	66 580	51 161
National Investment Trust Ltd	2 tambala	4 795 000	3.60	4 795 000	30.00	50.00	143 850	239 750	1 439	6 713
MPICO Limited	5 tambala	4 690 887	0.20	4 690 887	8.60	7.80	40 342	36 590	-	188
							36 638 321	35 184 065	656 861	842 658

All listed equity investments are traded on the Malawi Stock Exchange. Press Corporation Limited is also listed on the London Stock Exchange.

Investments held by Press Trust Overseas Limited

	Number of shares 2017 USD	Number of shares 2016 USD	Share price 2017 USD	Share price 2016 USD	Valuation 2017 MK'000	Valuation 2016 MK'000	Valuation 2017 MK'000	Valuation 2016 MK'000	Dividend receivable 2017	Dividends 2016
Imara Global Fund	66 251	62 917	30.71	28.39	2 034 568	1 786 214	1 476 399	1 218 934	-	-
Imara African Opportunities Fund	12 163	12 163	12.99	12.56	157 997	152 767	114 652	104 251	-	-
					2 192 565	1 938 981	1 591 051	1 323 185	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

16. UNLISTED EQUITY INVESTMENTS

	TRUST		GROUP	
	2017 MK'000	2016 MK'000	2017 MK'000	2016 MK'000
At the beginning of the year	232 328	232 328	232 448	232 448
At the end of the year	232 328	232 328	232 448	232 448

Listed and unlisted investments are measured at fair value for financial reporting purposes. The Board of Trustees determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value listed and unlisted investments the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation or uses level 3 inputs to perform the valuations. The valuation committee works closely with the qualified external valuer to establish the appropriation valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of these investments is disclosed in note 3.3 to these financial statements.

UNLISTED EQUITY INVESTMENTS (TRUST)

	Nominal value per share	Number of shares 2017	Holding %	Number of shares 2016	Share-holding % 2017	Share-holding % 2016	Trustees' valuation 2017 MK'000	Trustees' valuation 2016 MK'000	Dividends receivable 2017 MK'000	Dividends receivable 2016 MK'000
Malawi investments										
Kang'ombe Investments Limited	1 Tambala	499 900 000	24.995	499 900 000	24.995	24.995	78 319	78 319	72 735	51 990
Continental Discount House Limited	1 Kwacha	22 125 243	13.45	22 125 243	13.45	13.45	110 395	110 395	52 937	59 731
Mwaiwathu Private Hospital Limited	1 Kwacha	3 779 991	22.97	3 779 991	22.97	22.97	43 614	43 614	16 079	5 018
							232 328	232 328	141 751	116 739

Investments in unlisted companies are accounted for at cost less impairment.

The Trustees have valued unlisted investments at cost. All investments where there is evidence of poor past historic performance and uncertainty on future prospects, an impairment loss has been recognised.

	Nominal value per share	Number of shares 2017	Holding %	Number of shares 2016	Share-holding % 2017	Share-holding % 2016	Trustees' valuation 2017 MK'000	Trustees' valuation 2016 MK'000	Dividends receivable 2017 MK'000	Dividends receivable 2016 MK'000
Malawi investments										
Kang'ombe Investments Limited	10 Tambala	499 900 000		499 900 000	24.995	24.995	78 319	78 319	72 735	51 990
Continental Holdings Limited	1 Kwacha	22 125 243		22 125 243	13.45	13.45	110 395	110 395	52 937	59 731
Mwaiwathu Private Hospital Limited	1 Kwacha	3 779 991		3 779 991	22.97	22.97	43 614	43 614	16 079	5 018
Auction Holdings Limited	1 Kwacha	120 000		120 000		-	120	120	-	-
							232 448	232 448	141 751	116 739

Investments in unlisted companies are accounted for at cost less impairment.

The Trustees have valued unlisted investments at cost. All investments where there is evidence of poor past historic performance and uncertainty on future prospects, an impairment loss has been recognised.

17. INVESTMENTS IN SUBSIDIARIES

Press Trust Overseas Limited

	TRUST	
	2017 MK'000	2016 MK'000
At the beginning of the year	1 398 806	2 383 270
Fair value adjustment	100 881	(1 948 302)
Translation gain	88 483	963 838
Balance at the end of the year	1 588 170	1 398 806

The Trust has invested in 50 000 ordinary shares of US$1 each, being the whole issued share capital of Press Trust Overseas Limited.

Press Agriculture Limited
The Trust has invested in 8 626 512 ordinary shares of MK1 each, being 93.7% of the issued share capital of Press Agriculture Limited. The remaining 6.3% is held by Old Mutual Plc.

The original value of this investment was MK505.901 million but it has been written down to nil due to permanent diminution in value of the investment.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

18. STANDING CROPS – GROWING TIMBER

	GROUP	
	2017 MK'000	2016 MK'000
Plantations		
COST		
At the beginning of the year	531 792	524 270
Additions	11 045	7 522
At the end of the year	542 837	531 792
AMORTISATION		
At the beginning of the year	371 734	330 629
Charge for the year	41 776	41 105
Write offs	-	-
At the end of the year	413 510	371 734
NET BOOK VALUE		
At the end of the year	129 327	160 058
Standing crops -other growing crops	600 084	691 876

Plantations comprise of cashew, macadamia and forestry plantations. The plantations are valued at their amortised cost in line with accounting policy on note 3.10.

Other crops comprise of seed maize, soya beans, groundnuts, commercial maize and sugar beans. Growing crops are carried at fair value in line with accounting policy on note 3.10

Fair value measurement of Group's standing crops
Details of the group's standing crops and information about their value hierarchy as at 31 March 2016 are analysed as follows:

	Level 1	Level 2	Level 3	Fair Value	
	2017 MK'000	2017 MK'000	2017 MK'000	2017 MK'000	2016 MK'000
Standing crops					
Growing timber	-	-	129 327	129 327	160 058
Other growing crops	-	-	600 084	600 084	691 876
Total standing crops at fair value	-	-	729 411	729 411	851 934

There were no transfers between the levels during the year. For financial reporting purposes fair value measurement are categorised into level 1, level 2 and level 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described in note 34.

Valuation techniques and assumptions applied for the purposes of measuring fair value
Management considers that the carrying amounts of standing crops recognised at amortised cost in the financial statements approximate their fair values.

The company's finance department is responsible for performing the valuation of fair value measurements included in the financial statements including level 3 fair value. The valuation processes and results for recurring measurements are reviewed and approved by management at least once every quarter.

The fair values of standing crops are determined as follows:

- The fair values of standing crops are determined in accordance with generally accepted pricing models (costs approach model) based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar crops.
- Costs comprise all directly attributable costs incurred until 31 March 2017 and that prices for the transactions were from observable current transactions.

Had Press Agriculture Limited had more than two groups of standing crops classified in level 3, a further disaggregation of these standing crops into separate classes might have been necessary.

	TRUST		GROUP	
	2017 MK'000	2016 MK'000	2017 MK'000	2016 MK'000
19. INVENTORIES				
Consumable stores	-	-	230 754	111 579
Farm crops	-	-	130 059	77 456
Future crop expenditure	-	-	2 192	4 157
Provision for obsolete inventory	-	-	-	(81 053)
Total inventories	-	-	363 005	112 229

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

20. RECEIVABLES AND PREPAYMENTS

	TRUST		GROUP	
	2017 MK'000	2016 MK'000	2017 MK'000	2016 MK'000
Dividends receivable	-	7 184	-	7 184
Less provision for doubtful	-			
dividends receivable	-	(2 847)	-	(2 847)
Trade receivables	-	-	3 121	31 500
Less: Provision for doubtful debts	-	-	(60 243)	(55 669)
Prepayments and other receivables	94 354	72 648	215 543	273 355
Impairment on staff loans receivables				
and other receivables	(11 337)	(23 751)	(11 337)	(23 751)
Press Corporation Limited – Share				
Ownership Fund	1 331	1 056	1 331	1 056
Less: provision for doubtful				
receivables	-	6	-	6
Total receivables and prepayments	84 348	54 296	148 415	230 834

The Trustees consider that the carrying amount of receivables and prepayments approximate their fair value.

21. BANK BALANCES AND CASH

	TRUST		GROUP	
	2017 MK'000	2016 MK'000	2017 MK'000	2016 MK'000
Short-term bank deposits	1 040 437	720 443	1 040 437	720 443
Current accounts	14 538	3 786	18 000	91 738
Foreign currency accounts	150 231	140 569	150 231	140 569
Cash on hand	50	50	50	50
Bank balances and cash	1 205 256	864 848	1 208 718	952 800
Funds held by brokers	-	-	300	273
Bank overdraft	(10 080)	(3 919)	(69 812)	(310 941)
Total cash and cash equivalents	1 195 176	860 929	1 139 206	642 132

Overdraft facilities

The Trust did not have an overdraft facility with the bank, the overdrawn amount of MK10 million relates solely to a book overdraft. However, the Trust's subsidiary, Press Agriculture Limited has an overdraft facility with its bank. The overdraft facility is part of the CDH Investment Bank (CDHIB) commercial paper. The facility was obtained to finance the purchase of fertiliser, chemicals and to pay wages for rain fed crop operations. The facility is secured against proceeds from Monsanto, Seed co, Auction Holdings Commodity Exchange Limited and commercial maize sale. Interest is charged at CDHIB base lending rate of 32.5% (2016: 37%) per annum.

Short-term deposits

During the year, the Trust discounted at 23.293% a one (1) year promissory note worth MK427 million (2016: MK471 million) from Press Agriculture Limited which was expected to mature on 19th April 2017 as settlement for part of PAL's indebtedness with the Trust. The amount has been included in the short term bank deposits. As

PRESS TRUST
Consolidated and separate financial statements for the year ended 31 March 2017

of 31st March 2017, the coupon had earned interest of about MK94.0 million and this is part of interest income in note 6.

22. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

	TRUST		GROUP	
	2017 MK'000	2016 MK'000	2017 MK'000	2016 MK'000
Opening balance	-	-	191 489	1 270 736
Reclassification to non-current assets	-	-	(36 005)	(962 363)
Assets sold during the period	-	-	-	(116 884)
Total	-	-	155 484	191 489

The group decided in the previous periods to dispose of some property, plant and equipment. There was no disposal during the current year.

As described in note 1.2 the group stopped growing tobacco effective 2011/2012 agricultural season. As a result, the group decided to dispose of property, plant and equipment used in growing tobacco, which constituted a significant part of the entity's business. A search is underway for buyers.

In 2016, the Board resolved to discontinue the sale of estates. The estates will now be used for the normal course of business of growing pigeon peas and allied crops as recommended by management beginning the 2016/17 season. As such only the estates that had already been earmarked for sale to Limbe Leaf Tobacco Company were classified as held for sale and reported at their carrying amount which is the lower of fair value less costs to sale and carrying amount. The assets that were previously classified as held for sale were classified to non-current assets and measured at the lower of their carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the asset not been classified as held for sale and the recoverable amount at the date of the subsequent decision not to sell.

23. SUBLEASE FEES

	GROUP	
	2017 MK'000	2016 MK'000
At the beginning of the year	505 793	387 299
Exchange rate differences	16 612	167 544
Additions	1 326 753	-
Amounts released to income	(135 195)	(49 050)
At the end of the year	1 713 963	505 793
The deferred sublease fees are to be leased to income as follows:		
Within one year	93 112	29 984
After one year	1 620 851	475 809
Total deferred sublease fees	1 713 963	505 793

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

23. SUBLEASE FEES (CONTINUED)

General Farming Company Limited and Press Farming Limited subleased their estates to Gala Tobacco Company and Clinton Development Initiative. As per the lease agreement, Gala Tobacco Company is supposed to pay land rentals to Ministry of Lands on behalf of Press Farming Limited for leased estates and the other subleased estates fees is paid into CDH Investment Bank account.

The opening balance deferred sublease fees relate to sublease fees received from Gala Tobacco Company, Clinton Development Initiative and Limbe Leaf Tobacco Company for a period of 30 years commencing from 2011/2012 crop season.

The additional sublease in the current year relates to the conversion of part of LLTC loan into sub-lease after the PAL board approved that LLTC should sublease four estates (15, 16, 17 and 18) for a period of 22 years translating to an equivalent sublease fee of US$1.9 million (at US$40 per hectare for 2 175 hectares) with an option to buy and transfer the estates at any time during the sublease period without any further payment by LLTC.
The sublease fees are allocated over the lease term and sublease income relating to the period is released to the statement of comprehensive income.

24. DEFERRED TAX

	GROUP	
	2017 MK'000	2016 MK'000
At the beginning of the year	1 395 931	1 432 067
Equity movement	594 915	(18 413)
Recognised in profit and loss	(13 315)	(17 723)
At the end of the year	1 977 531	1 395 931

25. LONG-TERM BORROWINGS

Group
31 March 2017

	FDH Bank MK'000	NBS Bank MK'000	Limbe Leaf Tobacco MK'000	CDH MK'000	Total MK'000
At the beginning of the year	(743)	-	1 824 608	287 842	2 111 707
Loans advanced	743	-	-	1 749 899	1 750 642
Accrued interest		-	60 838	347 199	408 037
Repayments			(1 647 483)	(1 230 984)	(2 878 467)
Realised exchange loss/gain	-	-	110 873	-	110 873
At the end of the year	-	-	348 836	1 153 956	1 502 792
Long-term portions					252 769
Current term portion					1 250 023
Total borrowing					1 502 792

31 March 2016

	FDH Bank MK'000	NBS Bank MK'000	Limbe Leaf Tobacco MK'000	CDH MK'000	Total MK'000
At the beginning of the year	(743)	(70)	1 184 873	3 642 110	4 826 170
Loans advanced	-	70	-	222 187	222 257
Accrued interest	-	-	40 708	1 055 711	1 096 419
Repayments	-	-	(57 376)	(4 882 201)	(4 939 577)
Realised exchange loss/gain	-	-	656 403	250 035	906 438
-					
At the end of the year	(743)	-	1 824 608	287 842	2 111 707
Long-term portions					1 748 434
Current term portion					363 273
Total borrowing					2 111 707

a) Limbe Leaf Tobacco Company Limited
This long-term loan to rehabilitate the estates was for US$12.7 million and repayable over a period of 10 years in various instalments which commenced in September 2003. The loan attracted interest at the rate of Libor plus 2%.

Part of the loan amounting to US$8.3 million was paid off by the group in prior years through finance from its parent company who guaranteed the amounts. The outstanding amount of US$4.4 million was for General Farming Company Limited (US$3.8 million) and Press Farming Limited (US$0.6 million). The General Farming Company Limited loan was repayable over seven years and attracts interest at 2% above LIBOR. The loan was secured by a debenture over all General Farming Company Limited and Press Farming Limited estates and a lien over all General Farming Company Limited farming produce. The loan for Press Farming Limited is repayable over a ten year period and does not attract interest. It is secured by a lien over 45% of lease fee payments from Press Farming Limited.

In the current year, the PAL Board approved that Limbe Leaf Tobacco Company (LLTC) should sublease the entity's four estates (numbers 15, 16, 17 and 18) for a period of 22 years from 1 February 2016 at US$40 per hectare, which translates to an equivalent sublease fee of US$1.9 million for the 2 175 hectare subleased, with an option to buy and transfer the estates at any time during the sublease period without any further payment by LLTC. Under the sublease agreement, the total sublease fee of US$1.9 million would be payable in advance and be offset against the adjusted loan of US$2.3 million owed by GFCL to LLTC leaving a loan of US$0.35 million.

d) CDH Investment Bank
The CDH Investment bank represents a commercial paper of MK1 billion obtained by PAL to finance purchase of fertiliser, chemicals and pay wages for rain fed crop operations in GFCL. The facility will run for a period of 12 months to expire on 31 December 2017 provided always that all amounts including capital and interest accrued shall be fully paid when and as demanded by CDHIB. The facility is drawn down in tranches and subject to satisfactory progress reports on crop performance in the field. The commercial paper will be repaid by assignment of proceeds from Monsanto, Seed co, Auction Holdings Commodity Exchange Limited and commercial maize sales. Interest for the commercial paper at CDHIB based lending rate currently at 32.5%.

The facility is secured by caution over office building in Kasungu (Kulima House) valued at MK1.2 billion by Knight Frank, charge over various estates with a market value of MK4.54 billion and Multiple Peril Crop Insurance with CDHIB interest noted.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

26. PROVISIONS

	TRUST		GROUP	
	2017 MK'000	2016 MK'000	2017 MK'000	2016 MK'000
At the beginning of the year	-	-	189 632	179 895
Utilised during the year	-	-	(181 543)	(5 385)
Charge for the year	-	-	27 335	15 122
At the end of the year	-	-	35 424	189 632

27. ACCOUNTS PAYABLE

	TRUST		GROUP	
	2017 MK'000	2016 MK'000	2017 MK'000	2016 MK'000
Trade payable		-	254 115	482 810
Accruals and other payables	77 075	53 678	603 313	343 672
Total accounts payable	77 075	53 678	857 428	826 482

The Trustees consider that the carrying amount of payables approximate their fair value.

28. CAPITAL COMMITMENTS

	TRUST		GROUP	
	2017 MK'000	2016 MK'000	2017 MK'000	2016 MK'000
Approved and contracted for	27 516	39 623	27 516	39 263

The capital commitments comprising of plant and equipment assets expenditure are to be funded from internal resources.

29. EVENTS AFTER THE REPORTING PERIOD

Listed equity investments
The market value of the shares in listed equity investment moved as follows after year-end.

	7 July 2017 Kwacha per share	31 March 2017 Kwacha per share
Press Corporation Limited	570.00	540.00
ILLOVO Sugar Corporation Limited	216.15	215.01
Standard Bank Malawi Limited	570.01	550.00
Blantyre Hotels Limited	20.25	20.25
National Bank of Malawi	262.00	240.00
National Investment Trust Limited	40.00	30.00
Malawi Property Investment Company Limited	8.00	8.60

The share price movement has resulted into net fair value gain of MK 1 873 million in the current year (2016: loss MK91.7 million).

The net profit/(loss) have occurred as follows:

	7 July 2017 MK'000	31 March 2017 MK'000
Press Corporation Limited	1 615 623	-
Blantyre Hotels	-	105 366
ILLOVO Sugar Corporation Limited	14 439	(379 984)
Standard Bank Malawi Limited	108 886	215 552
National Bank of Malawi	88 790	-
National Investment Trust Limited	47 950	(24 215)
Mpico Limited	(2 815)	(8 444)
Total net fair value gains	1 872 873	(91 725)

30. RELATED PARTIES

In terms of the Trust related parties mean subsidiaries, Trustees and their associates.

Paragraph 2(f) of the Press Trust Reconstruction Act, 1995, defines an "Associate" as one of the following:

a) a Trustee's spouse;
b) a Trustee's parents, sister, brother, child, business partner and the spouse of any of them;
c) a Trustee's spouse;
d) a Trustee's parents, sister, brother, child, business partner and the spouse of any of them;
e) a company controlled by a Trustee or a person or persons falling within paragraphs i) and ii) above; and
f) Press Trust Overseas Limited.

Press Agriculture Limited
Press Farming Limited
General Farming Limited
Farm Management Company Limited
Press Farming and Chemical Company Limited
Press Corporation Limited
Kang'ombe Investments Limited
Mwaiwathu Private Hospital Limited
Blantyre Hotels Limited

Total emoluments of the management staff during the year amounted to MK136.3 million (2016: MK114.3 million).

Transactions with its subsidiaries, Press Trust Overseas Limited and Press Agriculture Limited, have been disclosed in notes 6, 8, 15, 16 and 17. Other related party transactions are as disclosed in note 16.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

31. KEY ECONOMIC INDICATORS

The average of the year-end buying and selling rates of foreign currency most affecting the performance of the group is stated below, together with interest rates and the increase in the National Composite Consumer Price Index for the preceding year which represents an official measure of inflation.

		National	Fixed deposit interest rates			Base
		rate of	2	3	6	lending
Date	MK/USD	inflation	months	months	months	rate
31 March 2016	682.4150	22.1%	10.00%	13.00%	13.00%	34.00%
31 March 2017	725.6548	16.10%	10.00%	9.00%	7.50%	30.50%
7 July 2017	725.6428	12.30%	10.00%	9.00%	7.50%	30.50%

32. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

The analysis below sets out the Group's classification of financial assets and liabilities and their fair values including accrued interest.

	TRUST		GROUP	
	2017	2016	2017	2016
	MK'000	MK'000	MK'000	MK'000
Financial assets				
Loans and receivables				
- receivables and prepayments	84 348	54 296	148 415	230 834
Held to maturity				
- funds held by brokers	-	-	300	273
- bank balances and cash	1 205 256	864 848	1 208 718	952 800
Available for sale				
- listed investments	36 638 321	35 184 065	36 233 264	36 507 250
- unlisted investments	232 328	232 328	232 448	232 448
Total financial assets	38 160 253	36 335 537	39 823 145	37 923 605

	TRUST		GROUP	
	2017	2016	2017	2016
	MK'000	MK'000	MK'000	MK'000
Financial liabilities				
Financial liabilities held at amortised cost				
- Accounts payable	77 075	53 678	857 248	826 428
- Bank Overdraft	10 080	3 919	69 812	310 941
- Project funding	928 600	776 270	928 600	776 270
- Borrowings	-	-	1 502 7922	2 111 707
Total liabilities	1 015 755	833 867	3 358 452	4 025 346

The Group has exposure to the following risks arising from its transactions in financial instruments:

- Capital risk;
- Foreign currency risk;
- Interest rate risk;
- Credit risk;
- Other price risk; and
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Trust's objectives, policies and processes for identification, measurement, monitoring and controlling risk. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

(a) Capital risk management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return available for its charitable works through the optimisation of the debt and equity balance. The Press Trust Reconstruction Act sets limits on the distributions it can make (note 1.2).

(b) Foreign currency risk management
The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

(c) Interest rate risk management
The Group is exposed to interest rate risk as it borrows funds at fixed interest rates. The risk is managed by maintaining an appropriate amount of the fixed rate borrowings.

(d) Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties.

(e) Other price risk
The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The table below shows the maximum exposure to credit risk by class of financial instrument. Financial instruments include financial instruments defined and recognised under IAS 39 Financial Instrument Recognition and Measurement. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Other price risk (Continued)

	TRUST 2017 MK'000	TRUST 2016 MK'000
Gross Maximum Exposure		
Corporate loans and interest	6 009 956	5 824 750
Other	-	-
Security available	6 009 956	5 824 750
Net impaired loans	-	-
	6 009 956	5 824 750

These corporate loans are unsecured and are fully provided for.

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Trustees, which has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 March 2017 to the contractual maturity date.

	Up to 6 Months MK '000	6 to 12 Months MK '000	Over 1 year MK '000	Total MK '000	Carrying Value MK '000
Trust					
31 March 2017					
Assets					
Receivables and prepayments	84 348	-	-	84 348	84 348
Bank balances and cash	1 205 256	-	-	1 205 256	1 205 256
AFS financial assets (Listed investments)	-	-	36 638 321	36 638 321	36 638 321
AFS financial assets (Unlisted investments)	-	-	232 328	232 328	232 328
Total financial assets	1 289 604	-	36 870 649	38 160 253	38 160 253
Liabilities					
Accounts payable	77 075	-	-	77 075	77 075
Project funding	464 300	464 300	-	928 600	928 600
Total liabilities	541 375	464 300	-	1 005 675	1 005 675
Gap	748 229	(464 300)	36 870 649	37 154 578	37 154 578
Cumulative Gap	748 229	283 929	37 154 578	-	-

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 March 2017 to the contractual maturity date.

	Up to 6 Months MK '000	6 to 12 Months MK '000	Over 1 year MK '000	Total MK '000	Carrying Value MK '000
Group					
31 March 2017					
Assets					
Receivables and prepayments	148 415	-	-	148 415	148 415
Bank balances and cash	1 208 718	-	-	1 208 71	1 208 718
Funds held by brokers	-	-	300	300	300
AFS financial assets (Listed investments)	-	-	38 233 264	38 233 264	38 233 264
AFS financial assets (Unlisted investments)	-	-	232 448	232 448	232 448
Total financial assets	1 357 133	-	38 466 012	39 823 145	39 823 145
Liabilities					
Accounts payables	857 428	-	-	857 428	857 428
Project funding	464 300	464 300	-	928 600	928 600
Total liabilities	1 321 728	464 300	-	1 786 028	1 786 028
Gap	35 405	(464 300)	38 466 012	38 037 117	38 037 117
Cumulative Gap	35 405	(424 895)	38 037 117	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 March 2016 to the contractual maturity date.

	Up to 6 Months MK '000	6 to 12 Months MK '000	Over 1 year MK '000	Total MK '000	Carrying Value MK '000
Trust					
31 March 2016					
Assets					
Receivables and prepayments	54 296	-	-	54 296	54 296
Bank balances and cash					
AFS financial assets (Listed investments)	864 848	-	-	864 848	864 848
AFS financial assets	-	-	35 184 065	35 184 065	35 184 065
(Unlisted investments)	-	-	232 328	232 328	232 328
Total financial assets	919 144	-	35 416 393	36 335 537	35 335 537
Liabilities					
Accounts payable	53 678	-	-	53 678	53 678
Project funding	338 135	338 135	-	776 270	776 270
Total liabilities	391 813	338 135	-	829 948	823 877
Gap	527 331	(338 135)	36 335 537	35 605 589	35 605 589
Cumulative Gap	527 331	189 196	35 605 589	-	-

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 March 2016 to the contractual maturity date.

	Up to 6 Months MK '000	6 to 12 Months MK '000	Over 1 year MK '000	Total MK '000	Carrying Value MK '000
GROUP					
31 March 2016					
Assets					
Receivables and prepayments	230 834	-	-	230 834	230 834
Bank balances and cash	447 976	432 965	71 859	952 800	952 800
Funds held by brokers			273	273	273
AFS financial assets (Listed investments)	-	-	36 507 250	36 507 250	36 507 250
AFS financial assets (Unlisted investments)	-	-	232 448	232 448	232 448
Total financial assets	678 810	432 965	36 811 830	37 923 605	37 923 605
Liabilities					
Accounts payables	826 482	-	-	826 482	826 482
Project funding	338 135	338 135	-	776 270	776 270
Total liabilities	1 214 617	338 135	-	1 602 752	1 602 752
Gap	(535 807)	44 830	36 811 830	36 320 853	36 320 853
Cumulative Gap	(535 807)	(490 977)	36 320 853		

33. ADMINISTRATION EXPENDITURE

	TRUST 2017 MK'000	TRUST 2016 MK'000	GROUP 2017 MK'000	GROUP 2016 MK'000
Staff costs	319 333	277 574	676 167	589 664
Depreciation	49 608	50 213	408 654	385 788
Office expenses	46 732	28 892	71 741	42 077
Board expenses	39 979	111 427	51 909	119 359
Office/land rent	27 415	22 543	49 868	57 441
Motor vehicles expenses	27 097	23 093	105 863	91 428
Auditors' remuneration	18 951	19 072	59 480	54 022
Travel and accommodation	14 289	17 840	22 161	39 009
Guest house expenses	13 350	9 911	13 350	9 911
Motor vehicle insurance	12 842	14 152	22 323	27 443
Postage and telephones	10 912	8 585	22 166	20 945
Internal audit fees	10 741	16 917	10 741	16 917
Printing and stationery	10 680	9 524	20 583	22 546
Staff training	7 438	20 325	8 732	20 325
Bad Debts written-off	3 417	2 402	3 417	2 402
Advertising	3 422	2 634	6 025	5 286
Bank charges	1 928	1 670	6 081	6 742
Legal fees	772	1 814	2 580	3 177
Consultancy Expenses	54	1 433	6 674	5 519
Interest charges	1	45	1	45
Amortisation	-	-	41 776	41 105
Sundry expenses	-	-	11 220	126 802
Staff house expense	-	4 913		4 913
Provision for bad debts	-	(2 438)	4 573	-
Overheads expenses	-	-	99 501	68 986
Total administration expenditure	618 961	642 541	1 725 586	1 761 852

34. FAIR VALUE MEASUREMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

34.1 Valuation techniques and assumptions applied for the purposes of measuring fair value

The Trustees consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

34. FAIR VALUE MEASUREMENTS (CONTINUED)

34.2 Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34.3 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group had financial assets that are measured at fair value at the end of each reporting period as detailed below.

	2017 MK'000	2016 MK'000
Trust		
Financial assets		
Listed equity investments	36 638 321	35 184 065
Unlisted equity investments	232 328	232 328
Investments in subsidiaries	1 588 170	1 398 806
	38 458 819	36 815 199

	2017 MK'000	2016 MK'000
Group		
Financial assets		
Listed equity investments	36 233 264	36 507 520
Unlisted equity investments	232 448	232 448
	36 465 712	36 739 968

34.4 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the Trustees consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	2017		2016	
	Carrying amount MK'000	Fair value MK'000	Carrying amount MK'000	Fair value MK'000
Trust				
Financial assets				
Loan and receivables				
Cash and cash equivalents	1 205 256	1 205 256	864 848	864 848
Receivables	84 348	84 348	54 296	54 296
Total	1 289 604	1 289 604	919 144	919 144
Trust				
Financial liabilities				
Financial liabilities held at amortised cost				
Payables	77 075	77 075	53 678	53 678
Bank overdraft	10 080	10 080	3 919	3 919
Project funding	928 600	928 600	776 270	776 270
	1 015 755	1 015 755	833 867	833 867

	2017		2016	
	Carrying amount MK'000	Fair value MK'000	Carrying amount MK'000	Fair value MK'000
Group				
Financial assets				
Listed equity Investments	38 233 264	38 233 264	36 507 250	36 507 250
Unlisted equity investments	232 448	232 448	232 448	232 448
Cash and cash equivalents	1 208 718	1 208 718	952 800	952 800
Taxation recoverable	2 597	2 597	82 031	82 031
Receivables	148 415	148 415	230 834	230 834
Total	39 825 442	39 825 442	38 005 363	38 005 363

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

34. FAIR VALUE MEASUREMENTS (CONTINUED)

34.4 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) (Continued)

	2017		2016	
	Carrying amount MK'000	Fair value MK'000	Carrying amount MK'000	Fair value MK'000
Financial liabilities				
Financial liabilities held at amortised cost				
Bank overdraft	69 812	69 812	310 941	310 341
Payables	857 428	857 428	826 428	826 428
Borrowings	1 502 792	1 502 792	2 111 707	2 111 707
Project funding	928 600	928 600	776 270	776 270
Total	3 356 632	3 356 632	4 025 346	4 025 346

	Fair value hierarchy – 2017			
	Level 1	Level 2	Level 3	Total
Trust				
Financial assets				
Listed equity investments	36 638 321	-	-	36 638 321
Unlisted equity investments	-	-	232 328	232 328
Investment in subsidiaries	-	-	1 588 170	1 588 170
Loan and receivables				
Cash and cash equivalents	1 205 256	-	-	1 205 256
Receivables	-	84 348	-	84 348
Total	37 843 577	84 348	1 820 498	39 748 423
Financial liabilities				
Financial liabilities held at amortised cost				
Bank overdraft	10 080	-	-	10 080
Payables	-	77 075	-	77 075
Project funding	-	928 600	-	928 600
Total	10 080	1 005 675	-	1 015 755

	Fair value hierarchy – 2016			
	Level 1	Level 2	Level 3	Total
Trust				
Financial assets				
Listed equity investments	35 184 065	-	-	35 184 065
Unlisted equity investments	-	-	232 328	232 328
Investment in subsidiaries	-	-	1 398 806	1 398 806
Loan and receivables	-	-	-	-
Cash and cash equivalents	864 848	-	-	864 848
Receivables	-	54 296	-	54 296
Total	36 048 913	54 296	1 631 134	37 734 343
Financial liabilities				
Financial liabilities held at amortised cost	-	-	-	-
Bank overdraft	3 919	-	-	3 919
Payables	53 678	-	-	53 678
Project funding	-	776 270	-	776 270
Total	57 597	776 270	-	833 867

	Fair value hierarchy - 2017		
	Level 1	Level 2	Total
Group			
Financial assets			
Listed equity investments	38 233 264	-	38 233 264
Unlisted equity investments	232 448	-	232 448
Loan and receivables			
Cash and cash equivalents	-	1 208 718	1 208 718
Taxation recoverable	-	2 597	2 597
Receivables	-	148 415	148 415
Total	38 465 712	1 359 730	39 825 442
Financial liabilities			
Financial liabilities held at amortised cost			
Bank overdraft	69 812	-	69 812
Payables	-	857 428	857 428
Borrowings	-	1 502 792	1 502 792
Project funding	-	928 600	928 600
Total	69 812	3 288 820	3 358 632

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

34. FAIR VALUE MEASUREMENTS (CONTINUED)

34.4 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) (Continued)

	Fair value hierarchy - 2016		
	Level 1	Level 2	Total
Group			
Financial assets			
Listed equity investments	36 507 250	-	36 507 250
Unlisted equity investments	232 448	-	232 448
Loan and receivables			
Cash and cash equivalents	-	952 800	952 800
Taxation recoverable	-	82 031	82 031
Receivables	-	230 834	230 834
Total	36 739 698	1 265 665	38 005 363
Financial liabilities			
Financial liabilities held at amortised cost			
Bank overdraft	310 941	-	310 941
Payables	-	826 428	826 428
Borrowings	-	2 111 707	2 111 707
Project funding	-	776 270	776 270
Total	310 941	3 714 405	4 025 346