

RESULTS FOR YEAR ENDED 31 MARCH 2020

PRESS TRUST

LINDA M PHIRL(Ms)

CHAIRPERSON

STATEMENTS OF FINANCIAL POSITION

Pursuant to the Press Trust Reconstruction Act (PTRA) (Cap 5:04 of the Laws of Malawi), we report below results for the year ended 31 March 2020.

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

Opinion

The summary consolidated and separate financial statements, which comprise the summary statements of financial position as at 31 March 2020 and the summary statements of comprehensive income, are derived from the audited consolidated and separate financial statements of Press Trust and its subsidiaries Press Trust Overseas Limited (PTOL) and Press Agriculture Limited (PAL) for the year ended 31 March 2020

In our opinion, the accompanying summary consolidated and separate financial statements are consistent in all material respects, with the audited consolidated and separate financial statements, in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the Trustees Incorporation Act.

Summary Consolidated and Separate Financial Statements

The summary consolidated and separate financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the Malawi Companies Act. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon. The summary consolidated and separate financial statements and the audited consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

The Audited Consolidated and Separate Financial Statements and Our Report Thereon We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 24 December 2020. That report also includes:

- Emphasis of matter Restatement of financial statements. The Group's financial statements which were previously issued for the year ended 31 March 2019 had been restated. This was to reflect the effects of the correction of misstatements relating to valuation of property, plant and equipment and deferred tax liability.
- A Material uncertainty related to Going Concern. The group incurred a deficit of K1.607 billion (2019: K1.079 billion) and the Trust realised a surplus of K488 million (2019: K645 million) during the year ended 31 March 2020 and, as at that date, the Group had net current liabilities of K3.135 billion (2019: K2.226 billion) and the Trust had net current assets of K496 million (2019: K1.109 billion). The Group had accumulated deficit of K5.503 billion (2019: K3.986 billion) and the Trust had accumulated surplus of K5.877 billion (2019: K4.894 billion). These factors, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.
- The communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year.

Trustees' Responsibility for the Summary Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated and separate

financial statements that they were consistent in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.	TOTAL COMPREHENSIVE THE YEAR		
	Attributable to the parent Non-controlling interest		
Chartered Accountants			
Vilengo Beza	Total		
Partner			

PRESS TRUST STATEMENTS OF COMPREHENSIVE INCOME For the year ended 31 Marc

For the year ended 31 March 2020					STATEMENTS OF FINANCIAL POSITION 31 March 2020
	Т	RUST		GROUP	
	2020	2019	2020	2019	
	K'000	K'000	K'000	K'000	
	Restated			Restated	ASSETS
INCOME					NON-CURRENT ASSETS
Turnover		-	1 197 238	1 066 892	Property, plant and equipment
Cost of sales	-		(1 513 357)	(1 210 828)	Right-of-use assets Listed equity investments
			<u> </u>		Unlisted equity investments
Gross loss	-	-	(316 119)	(143 936)	Investments in subsidiaries
Dividend income	1 804 000	1 706 008	1 804 000	1 706 008	Loans due from Press Agriculture Limited
Interest income	226 045	251 244	226 048	251 299	Provision against loans due from
Donations/grants	11 590		11 590	-	Press Agriculture Limited
Other income	9 307	49 289	608 421	738 868	Standing crops - growing timber
					Total non-current assets
Total income	2 050 942	2 006 541	2 333 940	2 552 239	CURRENT ASSETS
					Standing crops
OPERATING EXPENDITURE					Inventories
Administration expenditure	(579 090)	(580 378)	(2 144 298)	(2 165 810)	Receivables and prepayments
Exchange gains/(losses)					Bank balances and cash
	1 151	1 007	(337)	(376)	Funds held by brokers Assets held for sale and discontinued operations
					Tax recoverable
EXCESS OF INCOME OVER					
OPERATING EXPENDITURE	1 473 003	1 427 170	189 305	386 053	Total current assets
					TOTAL ACCETC
					TOTAL ASSETS
Net increase in impairment of loan receivables	(9 582)	(12 531)	-	-	RESERVES AND LIABILITIES
Interest expense	-	-	(782 410)	(639 698)	Non-distributable reserves
Finance costs	(14 979)	-	(14 979)	-	Fair value reserve on listed investments
Reversal /(impairment) of staff and other receivables	3 326	(3 563)	3 326	(3 563)	Fair value reserve on unlisted investments
Realised loss on sale of equity investments	(6 213)	(23 302)	(6 213)	(23 302)	Fair value of foreign investments
					Property revaluation reserve Total non-distributable reserves
SURPLUS/(DEFICIT) BEFORE CHARITABLE EXPENDITURE	1 445 555	1 207 774	((10.071)	(200 510)	General fund
LAFENDIIUKE	1 445 555	1 387 774	(610 971)	(280 510)	
CHARITABLE EXPENDITURE					Total reserves
	(960 672)	(676 517)	(960 672)	(626 512)	Non-controlling interest
Project funding and donations approvals Project related expenses	(869 673) (235 618)	(626 512) (151 973)	(869 673) (235 618)	(626 512) (151 973)	Entity attributable to equity holders of the parent
Completed/discontinued projects	(255 010)	(151 975)	(255 016)	(151 975)	Entry autouable to equity holders of the parent
Under provision	147 411	35 383	147 411	35 383	NON-CURRENT LIABILITIES
		55 505			Sublease fees
Total charitable expenditure	(957 880)	(743 102)	(957 880)	(743 102)	Deferred tax
	((11,111))	()	(/ / / / / / / /	()	Lease liabilities
Surplus/ (deficit) before tax	487 675	644 672	(1 568 851)	(1 023 612)	Long-term borrowings
		0	(1000001)	(1 010 011)	Total non-current liabilities
Taxation	-	-	(37 964)	(54 923)	
SURPLUS/ (DEFICIT) FOR THE YEAR					CURRENT LIABILITIES
TRANSFERRED TO GENERAL FUND	487 675	644 672	(1 606 815)	(1 078 535)	Project funding
					Bank overdraft Sublease fees
OTHER COMPREHENSIVE INCOME					Lease liabilities
Revaluation surplus	-	106 172	-	106 172	Deferred income
Deferred tax	-	-	91 685	54 371	Current portion of long-term borrowings
Fair value gain on financial assets	13 302 551	37 056 472	13 012 240	37 052 611	Provisions
Exchange differences on translating foreign operation	13 725	13 800	13 725	13 800	Accounts payable Tax payable
					Tax payable
TOTAL OTHER COMPREHENSIVE INCOME	13 316 276	37 176 444	13 117 650	37 226 954	Total current liabilities
TOTAL COMPREHENSIVE INCOME FOR	10.000.000	00.001.111	11 510 005	0(110.110	TOTAL RESERVES AND LIABILITIES
THE YEAR	13 803 951	37 821 116	11 510 835	36 148 419	
			14 /00 000		The financial statements were approved
Attributable to the parent	-	-	11 638 900	36 221 001	behalf by:
ivon-controlling interest		<u> </u>	(128 065)	(72 382)	
Non-controlling interest	<u> </u>	<u> </u>	<u>(128 065</u>)	(72 582)	ociidii Uy.

<u>13 803 951</u> <u>37 821 116</u>

11 510 835

36 148 419



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PRESS TRUST STATEMENTS OF CASH FLOWS For the year ended 31 March 2020

						For the year ended 31 March 2020	TRUST GROUP			
2020	TRUST 2019	2018	2020	GROUP 2019	2018		2020 K'000	2019 K'000	2020 K'000	2019 K'000
K'000	K'000 Restated	K'000 Restated	K'000	K'000 Restated	K'000 Restated	Cash flows from operating activities Surplus/(deficit) for the year before charitable expenditure	1 445 555	1 387 774	(610 971)	(280 510)
						Adjustments for: -	1 115 555	1507771	(010 571)	(200 510)
903 295	796 491	710 642	9 636 784	10 051 376	10 741 420	- Depreciation of property, plant and equipment	58 924	54 344	694 474	688 994
88 354	-	41 583 631	88 354	-	43 366 871	 Depreciation of right-of-use assets Amortisation of standing crops 	25 244	-	25 244 32 317	53 228
89 339 642	75 726 821	232 328	90 855 838	77 519 813	232 448	 Dividends receivable 	(1 804 000)	(1 706 008)	(1 804 000)	(1 706 008)
3 662 129	2 994 236	1 814 311	3 662 249	2 994 356	-	- Interest receivable	(226 045)	(251 244)	(226 048)	(251 299)
1 525 185	1 811 629	6 009 956	-	-	-	 Interest payable Finance cost 	- 14 979	-	782 410 14 979	639 698
6 032 069	6 022 487	(6 009 956)	-	-	-	 Profit on disposal of plant and equipment 	(982)	(327)	(187 474)	(133 906)
((022 0(0)	((000 407)					 Loss on disposal of equity investments 	6 213	23 302	6 213	23 302
(6 032 069)	(6 022 487)	-	45 317	88 677	115 787	Impairment of loan receivables Project related disbursements	9 583 (235 618)	12 680 (151 973)	(235 618)	(151 973)
			10 011	00 011	110 101	Project Funding and donations disbursements	<u>(607 139</u>)	(444 286)	(607 139)	(444 286)
95 518 605	81 329 177	44 340 912	104 288 542	90 654 222	54 456 526					
						Cash absorbed by operating activities before changes in net operating assets	(1 313 286)	(1 075 738)	(2 155 613)	(1 562 760)
	-	-	516 148	780 306	420 175	Movement in sublease fees	(1 515 200)	-	(74 862)	(74 549)
		-	146 950	160 699	606 733	Movement in inventories	-	-	13 749	446 034
65 933	76 377	35 741	112 342	424 280	84 326	Movement in growing crops	-	-	264 158	(308 239)
1 842 190	2 265 898	1 314 510	1 867 228	2 294 035	1 360 367	Taxation paid Movement in receivables and prepayments	(3 262)	(26 930)	(16 979) 298 232	(12 934) (339 954)
•	-	-	269 155 484	295 155 484	331 155 484	Movement in accounts payable and deferred income	49 241	12 330	219 893	255 922
			31 358	135 484 14 379	135 484 1 444	Prior year adjustment	-	-	(23 828)	(26 493)
			51 550	14577	1 111	Movement in provisions			27 261	20 830
1 908 123	2 342 275	1 350 251	2 829 779	3 829 478	2 680 860	Net cash absorbed in operating activities	(1 267 307)	<u>(1 090 338</u>)	(1 407 989)	(1 602 143)
97 426 728	83 671 452	45 691 163	107 118 321	94 483 700	57 085 386	Cash flows from investing activities				
						Purchase of property, plant and equipment Standing crops additions	(175 030)	(34 268)	(289 183) (17 955)	(76 375) (26 118)
						Purchase of equity investments	(1 511 387)	(1 832 144)	(1 511 387)	(1 832 144)
						Proceeds on disposal of equity investments	527 011	1 976 698	527 011	1 976 698
85 219 133	72 709 828	40 256 736	88 908 080	76 180 008	41 875 505	Proceeds on disposal of plant and equipment	10 283	574	225 773	317 503
3 072 781	2 774 888	12 980	3 072 781	2 774 888	12 980	Interest received Interest paid	226 045	251 244	226 048 (782 410)	251 299 (639 698)
1 329 643	1 616 087	1 618 769	10 444 954	-	-	Loan received	-	-	3 683 603	1 274 616
443 055 90 064 612	443 055 77 543 858	<u>336 883</u> 42 225 368	12 444 856 104 425 717	<u>12 353 171</u> 90 308 067	<u>12 192 629</u> 54 084 600	Loans advanced and interest capitalised	(9 582)	(12 680)	-	-
5 877 170	4 894 142	42 225 508 2 391 516	(5 503 406)	(3 986 407)	(2 996 514)	Accrued interest and exchange loss on loan capitalised	-	-	621 683	522 149 (924 637)
5 611 110	107112	2371310	(5 5 65 100)		(2))0 511)	Loan repaid Dividends received	1 817 706	1 692 302	(3 486 829) 1 817 706	1 692 302
95 941 782	82 438 000	44 616 884	98 922 311	87 321 660	51 084 600					
<u> </u>			(938 673)	(816 394)	(745 730)	Net cash flows generated from investing activities	885.04	<u>6 2 041 726</u>	1 014 060	2 509 102
95 941 782	82 438 000	44 616 884	97 983 638	86 505 276	50 338 870	Cash flows from financing activities Interest paid	(14 97	20)	(14 979)	
						Repayment of lease liabilities	(26 46	/	(26 468	
							(11.14		(41,447)	
-	-	-	1 170 857	1 245 945	1 318 337	Net cash flows used in financing activities	(41 44		(41 447)	
73 234		-	575 805 73 234	667 482	721 412	Net (decrease)/increase in cash and cash equivalents	(423 70	951 388	(435 376)	933 452
			1 350 000		250 326	Cash and cash equivalents at beginning of the year	2 265 8	<u>98 1 314 510</u>	2 294 132	1 360 680
73 234	<u> </u>		3 169 896	1 913 427	2 290 075	Cash and cash equivalents at end of the year	1 842 19	0 2 265 898	1 858 756	2 294 132
						Cash and cash equivalents comprise of: - Bank balances and cash	1 842 19	0 2 265 898	1 867 228	2 294 035
1 2 (1 5 0 1	1 140 471	1 000 (10	1 2/4 504	1 140 471	1.000 (10	Bank overdraft	1 042 17		(8 74	
1 264 584	1 149 461	1 002 618	1 264 584 8 741	1 149 461 198	1 002 618 18	Funds held by brokers			26	9 295
			74 842	74 616	76 773	Total cash and cash equivalents	1 84	2 190 2 265 89	<u>1 858 7</u>	<u>2 294 132</u>
13 896	-		13 896	-	-	end and end of the state				
28 410	-	-	28 410		-					
-	-	-	2 373 607	2 896 709	1 774 255	Board Composition				
-	-	-	139 844	112 584	81 754					
104 822	83 991	71 661	1 882 214	1 690 731	1 434 808	The composition of the Board of Truste	es during t	the 2019/20	20 financ	ial year was a
			178 649	140 698	86 215	follows: -	0			
1 411 712	1 233 452	1 074 279	5 954 787	6 054 997	4 456 441					
						Ms Linda Mzumara Phiri (Chairperson)	- All year		
97 426 728	83 671 452	45 691 163	107 118 321	94 483 700	57 085 386	Mrs Audrey Mwala)	- All year		
						INITS AULIEY IVIWAIA		- All year		

red and authorised for issue by the Board of Trustees on 9 October 2020 and were signed on its

Mrs Audrey Mwala All year Eng Wilson Chirwa · All year Mr Symon Msefula All year All year Mr Randson P. Mwadiwa Prof. Moses F.A Maliro All year Mr Stephen D.T. Matenje, SC Trustee from 26 June 2019 Mr Mayer Chisanga, SC (Deceased) - Trustee up to 6 May 2019



RESULTS FOR YEAR ENDED 31 MARCH 2020

Project funding for the year ended 31 March 2020

During the year ended 31 March 2018, the Trust approved projects/donations and disbursed funds as follows in alphabetical order: The list of project funding and donations in alphabetical order is as follows:

Brought

Carried forward

In August 2020, Mr. Randson Mwadiwa retired from the Board of Trustees of Press Trust and on 21st August 2020, Trustees unanimously appointed Hon. Sosten Alfred Gwengwe, MP as Ordinary Trustee to serve the Trust in his individual capacity. In terms of Section 6 (I) (i) of the Deed of Variation annexed to the PTRA, the Chairperson of the Board of Trustees of Press Trust holds office for one year and is elected from amongst the Trustees at the Annual General Meeting (AGM) of the Trust. In line with this requirement, at the 23rd Annual General Meeting held on 9 October 2020 Trustees unanimously elected Mrs Audrey Mwala as the new Chairperson replacing Ms Linda Mzumara Phiri.

Object of the Trust

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

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

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

	Brought				lorwaru	
	from <u>2019</u> K'000	Disbursement K'000	Approvals <u>accrued</u> K'000	Completed Projects K'000	to 2020 K'000	
Balabanthi Junior Primary School Project	-	-	79 000	-	79 000	
Chikunkha Primary School Project	6 721	(1 938)	70 000	-	74 783	
Chilimba Police Unit Project	55 130	(24 729)	-	-	30 401	
Chinyaza Primary School Project	-	· -	40 000	-	40 000	
Chisamba Dispensary Salima Project	97 813	(118)	-	-	97 695	
Department of Forestry	-	(1915)	5 000	-	3 085	
Disaster Relief Fund	887	-	10 000	-	10 887	
Dowa Secondary School Project	38 163	(32 230)	-	-	5 933	
Dzaleka Secondary school (Life Jacket Project)	280	(-	(280)	-	
Engucwini Primary School Project		-	82 000	(====)	82 000	
Hospital Equipment/Ambulances Donations	130 259	(135 650)	5 420	-	29	
Kamuzu Academy – National Science Fair	2 073	(8 566)	10 000	-	3 507	
Malembo Health Centre LL Project	90 000	(52)	-	-	89 948	
Manjawira Health Centre OPD Project	,0 000	(52)	65 000		65 000	
Matapila Heath Centre Project	6 545		05 000	(6 545)	05 000	
Mathandani CDSS project	69 294	(55 892)		(0 545)	13 402	
Mchengautuwa CDSS	(1)	(55 672)	_	_	(1)	
M'buka Primary School Project	(1)		81 000		81 000	
Ministry of Education	8 378	(8 302)	55 000	-	55 076	
Mother's Day Donations	1 282	(10 136)	11 500	-	2 646	
Mulanje Vocational and Rehabilitation	1 202	(10 130)	11 500	-	2 040	
Centre Project	54 052	(422)			53 630	
Mpiri Secondary School	67 162	(37 744)	-	-	29 418	
	30 000	(37 744)	-	-	30 000	
Nalikule College of Education Project	32 805	(29 361)	10 631	-	14 075	
Namaso-bay Primary School Project	52 805		63 500	-	63 389	
Njale Health Centre Project		(111)	03 300	-		
Njini Health Centre Project	41 088 37 211	$(23\ 071)$	-	-	18 017	
Nsamba Primary School Project	37 211	(32 732)	-	-	4 479	
Ntaja Health Centre Project	-	-	82 500	-	82 500	
Nthalire Health Centre	-	(22.004)	100 000	-	100 000	
Nyungwe Health Centre Project	32 624	(32 804)	-	-	(180)	
Operation Smile	11 206	(26 019)	15 000	-	187	
Phalombe TTC College Project	4 609	(2 000)	-	(2 610)	(1)	
Pitala Primary School Project	6 872	(2 201)	-	-	4 671	
Police Dispensary Northern Region	95 936	(16 725)		-	79 211	
Projects Monitoring and Evaluation	(1 856)	(111)	1 966	-	(1)	
Press Trust Merit Bursary	-	(32 566)	32 566	-	-	
Projects Promotional Activities	9 838	(20 930)	38 000	-	26 908	
Put a Child on a Desk Programme	51 646	(36 407)	-	-	15 239	
St Peter's Hospital-Likoma Project	1 483	(1 466)	-	(15)	2	
Stop Child Marriages (STOM)/DCA-						
Ntchisi Project	-	(11 590)	11 590	-	-	
University of Blantyre Synod	30 000	(21 351)	-	-	8 649	
Thomasi Health Centre	137 961			(137 961)		
Sub-Total	1 149 461	(607 139)	869 673	(147 411)	1 264 584	

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

following general criteria:

 Benefit a wider communit Be in line with the key focus areas of education, health, social welfare, housing, culture, good governance

- kills and job creation or enviror ntal conservation; and
- Be viable or self-sustaining.

GROUP FINANCIAL REVIEW

subsidiaries, namely, Press Trust Overseas Limited billion). (an investment company) and Press Agriculture Limited (an agricultural company). Press Trust has significant investments in five (5) companies namely Press Corporation Plc, Blantyre Hotels Plc, Kang`ombe Investments Limited, Continental Holdings Limited and Mwaiwathu Private Hospital Limited. Furthermore, Press Trust has also invested widely on the Malawi Stock Exchange.

The Board is pleased to announce the results of the Group for the year ended 31 March 2020. Total income of the Group declined by 9% from K2.552 billion in 2019 to K2.334 billion in 2020 mainly due to underperformance of Press Agriculture Limited (PAL). The total group comprehensive income for the year declined by 68% from K36.148 billion in 2019 to irrigation infrastructure, farm equipment, warehousing K11.511 billion in 2020. This downward movement in comprehensive income for the group was mainly due term, the company plans to start adding value to its to a drop in the reported fair value gains on listed investments as compared to prior year and also due of PAL and Trustees therefore remain optimistic that to a loss of K2.032 billion reported by PAL. The group PAL will in the medium term turnaround its fortunes incurred a deficit of K1.607 billion (2019: K1.079 and return to growth. billion) and the Trust realised a surplus of K488 million (2019: K645 million) during the year ended 31 March 2020. As at that date, the Group had net current liabilities of K3.135 billion (2019: K2.226 billion) and The COVID-19 pandemic has had a significant impact the Trust had net current assets of K496 million (2019: on the activities of the Trust. All social development

K5.503 billion (2019: K3.986 billion) and the Trust had 2020. As such, the Trust has not been able to properly The Press Trust Group is made up of two (2) accumulated surplus of K5.877 billion (2019: K4.894

PROSPECTS

The Trust's subsidiary, Press Agriculture Limited (PAL), continues to face serious financial and technical challenges. In view of this, Trustees continue to provide support to the company and have appointed a transaction advisor to help with the search and identification of strategic equity partners. As part of the recapitalisation efforts. Trustees resolved during the year that PAL's indebtedness with Press Trust and Press Trust Overseas Limited should be converted into equity. The additional capital injection will be applied towards organisation restructuring and investments in facilities, and processing facilities. In the medium produce targeting mainly the export market. The Board

IMPACT OF COVID-19

K1.109 billion). The Group had accumulated deficit of work was suspended from April 2020 until September

respond to the needs of the communities across the country. However, project implementation and appraisal has now resumed amidst strict adherence to COVID-19 prevention measures. On the commercial side, the Trust is projecting shrinking income streams going forward as most of its investment companies are struggling to do business during the pandemic. As a direct result of the sluggish business environment, the Trust has already started recording capital losses on some of its listed investments. Transactions to recapitalise Press Agriculture Limited are delaying mainly because prospective investors could not visit the country during the lockdown, which was coupled with the travel bans around the world. Nevertheless, the Trust remains optimistic that it will continue diligently serving Malawians as businesses and countries adapt to the new "normal" working environment.

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

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