



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018



RESULTS FOR YEAR ENDED 31 MARCH 2018

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 2018.

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 2018 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 2018.

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 Trustees Incorporation 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 5 October 2018. That report also includes:

- A Material uncertainty related to Going Concern.* The group incurred a deficit of K454 million during the year ended 31 March 2018 and, as at that date, the group had net current liabilities of K1.776 billion and had an accumulated deficit of K2.28 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 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*.

Deloitte.

Chartered Accountants
Vilengo Beza
Partner

STATEMENTS OF FINANCIAL POSITION

31 March 2018

	TRUST		GROUP	
	2018 K'000	2017 K'000	2018 K'000	2017 K'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	710 642	478 985	10 741 420	10 768 948
Listed equity investments	41 583 631	36 638 321	43 366 871	38 233 264
Unlisted equity investments	232 328	232 328	232 448	232 448
Investments in subsidiaries	1 814 311	1 588 170	-	-
Loans due from Press Agriculture	6 009 956	6 009 956	-	-
Provision against loans due from Press Agriculture	(6 009 956)	(6 009 956)	-	-
Standing crops - growing timber	-	-	115 787	129 327
Total non-current assets	44 340 912	38 937 804	54 456 526	49 363 987
CURRENT ASSETS				
Standing crops	-	-	472 067	600 085
Inventories	-	-	606 733	363 005
Receivables and prepayments	35 741	84 348	84 326	148 415
Bank balances and cash	1 314 510	1 205 256	1 360 367	1 208 718
Funds held by brokers	-	-	331	300
Assets held for sale and discontinued operations	-	-	155 484	155 484
Tax recoverable	-	-	1 444	2 597
Total current assets	1 350 251	1 289 604	2 680 752	2 478 604
TOTAL ASSETS	45 691 163	40 227 408	57 137 278	51 842 591
RESERVES AND LIABILITIES				
RESERVES				
Non-distributable reserves				
Fair value reserve on listed investments	40 256 736	35 669 101	41 875 505	38 321 443
Fair value reserve on unlisted investments	12 980	12 980	12 980	12 980
Fair value of foreign investments	1 618 769	1 392 628	-	-
Property revaluation reserve	336 883	166 328	10 336 302	11 106 294
Total non-distributable reserves	42 225 368	37 241 037	52 224 787	49 440 717
General fund	2 391 516	1 970 616	(2 279 942)	(4 059 969)
Total reserves	44 616 884	39 211 653	49 944 845	45 380 748
Non-controlling interest	-	-	(740 532)	(684 473)
Equity attributable to equity holders of the parent	44 616 884	39 211 653	49 204 313	44 696 275
NON-CURRENT LIABILITIES				
Sublease fees	-	-	1 318 337	1 620 851
Deferred tax	-	-	1 905 418	1 977 531
Long-term borrowings	-	-	252 769	252 769
Total non-current liabilities	-	-	3 476 524	3 851 151
CURRENT LIABILITIES				
Project funding	1 002 618	928 600	1 002 618	928 600
Bank overdraft	-	10 080	18	69 812
Sublease fees	-	-	76 773	93 112
Current portion of long-term borrowings	-	-	1 774 255	1 250 023
Provisions	-	-	81 754	35 424
Accounts payable	71 661	77 075	1 434 808	857 428
Tax Payable	-	-	86 215	60 766
Total current liabilities	1 074 279	1 015 755	4 456 441	3 295 165
TOTAL RESERVES AND LIABILITIES	45 691 163	40 227 408	57 137 278	51 842 591

The financial statements were approved and authorised for issue by the Board of Trustees on 2 October 2018 and were signed on its behalf by:

MAYER G CHISANGA, SC
CHAIRPERSON

AUDREY MWALA (Mrs.)
TRUSTEE

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	TRUST		GROUP	
	2018 K'000	2017 K'000	2018 K'000	2017 K'000
INCOME				
Turnover	-	-	1 325 174	1 028 674
Cost of sales	-	-	(932 201)	(822 074)
Gross profit	-	392 973	206 600	-
Dividend income	1 283 431	798 611	1 283 431	798 611
Interest income	219 569	429 830	220 480	696 167
Other income	500	383 999	584 575	615 391
Total income	1 503 500	1 612 440	2 481 459	2 316 769
OPERATING EXPENDITURE				
Administration expenditure	(644 086)	(618 961)	(2 001 265)	(1 725 586)
Exchange losses	-	-	(11 684)	(156 593)
EXCESS OF INCOME OVER OPERATING EXPENDITURE	859 414	993 479	468 510	434 590
Net increase in provision for doubtful loans	-	(185 282)	-	-
Interest expense	-	-	(557 009)	(368 770)
Reversal of impairment of staff and other receivables	8 169	15 262	8 169	15 262
Realised profit on sale of equities	-	-	129 851	-
SURPLUS BEFORE CHARITABLE EXPENDITURE	867 583	823 459	49 521	81 082
CHARITABLE EXPENDITURE				
Project funding approvals	(450 831)	(416 614)	(450 831)	(416 614)
Completed/discontinued projects	45 120	26 970	45 120	26 970
Donations	(40 973)	(36 887)	(40 973)	(36 887)
Total charitable expenditure	(446 683)	(426 531)	(446 683)	(426 531)
Surplus/ (deficit) before tax	420 900	396 928	(397 162)	(345 449)
Taxation	-	-	(56 378)	13 315
SURPLUS/ (DEFICIT) FOR THE YEAR	420 900	396 928	(453 540)	(332 134)
TRANSFERRED TO GENERAL FUND				
OTHER COMPREHENSIVE INCOME				
Revaluation surplus	170 555	-	170 555	4 895 474
Deferred tax	-	-	103 042	(594 915)
Fair value gain on available for sale financial assets	4 813 776	1 344 698	4 695 339	1 358 915
Exchange differences on translating foreign operation	-	88 483	-	88 483
TOTAL OTHER COMPREHENSIVE INCOME	4 984 331	1 433 181	4 968 936	5 747 957
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5 405 231	1 830 109	4 515 396	5 415 823
Attributable to the parent	-	-	4 571 455	5 526 794
Non-controlling interest	-	-	(56 059)	(110 971)
Total	-	-	4 515 396	5 415 823

Board Composition

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

Mr. Mayer Chisanga, SC (Chairman)	- Full year
Eng. Wilson Chirwa	- Full year
Mrs. Audrey Mwala	- Full year
Ms. Linda Phiri	- Full year
Mr Symon W Msefula	-(Trustee from 16th June 2017)
Mr Randon Mwadawa	-(Trustee from 8th August 2017)
Prof. Moses Maliro	-(Trustee from 8th August 2017)
Mr. Jim Nsomba	-(Trustee up to 10th June 2017)
Mrs. Esther Chioko	-(Trustee up to 21st July 2017)
Mrs. Nancy Tembo	-(Trustee up to 21st July 2017)

In terms of Section 6 (l) (i) of the Deed of Variation annexed to the PTRA, the Chairperson of the Board of Trustees of Press Trust holds office for one year and is elected from amongst the Trustees at the Annual General Meeting (AGM) of the Trust. In line with this requirement, at the 21st Annual General Meeting held on 2nd October 2018 Trustees unanimously elected **Eng. Wilson TM Chirwa** as the new Chairperson replacing **Mr Mayer Chisanga, SC**.

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)).

Project funding (Trust and group)

During the year ended 31 March 2018, the Trust approved projects/donations and disbursed funds as follows in alphabetical order:

PROJECT DESCRIPTION	Brought Forward 2017/2018 MK'000	Disbursements 2017/2018 MK'000	Approvals/ Ratified Projects MK'000	Completed Projects to 2018 MK'000	Carried Forward to 2018 MK'000
Chikonde II Primary School Project	56 568	(20 161)	-	-	36 407
Chikunkha Primary School Project	65 800	(11 110)	-	-	54 690
Chirimba Police Unit Project	-	-	55 130	-	55 130
Chimwemwe Primary School Project	1 513	(1 406)	-	(107)	-
Chisamba Dispensary Salima Project	74 911	(59 221)	24 651	-	40 341
Department of Forestry	270	-	-	(270)	-
Disaster Relief Fund	887	-	-	-	887
Dowa Secondary School Project	65 530	(2 318)	-	-	63 212
Dzaleka Secondary school (Life Jacket Project)	-	-	500	-	500
Economics Association of Malawi	1	-	-	(1)	-
Kamuzu Academy - National Science Fair	621	(5 151)	5 730	-	1 200
Loudon Teacher School Project	29 045	-	-	(29 045)	-
MBC Innovation Awards	-	(3 000)	3 000	-	-
Malawi Union of the Blind	160	-	-	(160)	-
Malawi Defence Force-tree Planting	-	(2 085)	2 085	-	-
Matapila Health Centre Project	20 570	(10 819)	-	-	9 751
Mathandani CDS Project	-	-	69 300	-	69 300
Mchengautuwa CDS	9 384	(1 792)	-	(7 593)	(1)
Ministry of Education	1	-	17 000	-	17 001
Mother's Day Donations*	1 499	(2 258)	2 220	-	1 461
Mpiri Secondary School	67 260	-	-	-	67 260
Mweniondo CDS Project	3 255	-	-	(3 255)	-
Mzambazi Rural Hospital	13	-	-	(13)	-
Namaso-bay Primary School Project	-	-	64 720	-	64 720
Njimi Health Centre Project	66 935	(61 761)	43 258	-	48 432
Nkhoma University Project	944	-	-	(944)	-
Nsamba Primary School Project	37 843	(632)	-	-	37 211
Nsenjere CDS Project	3 668	(1 216)	-	(2 453)	(1)
Nyungwe Health Centre Project	66 911	(71 535)	51 182	-	46 558
Operation Smile	14 180	(24 332)	14 500	-	4 348
Phalombe TTC College Project	58 598	-	-	-	58 598
Pitala Primary School Project	60 065	(1 653)	-	-	58 412
Police Dispensary Northern Region	54 911	(3 494)	9 518	-	60 935
Press Trust Merit Bursary	-	(34 888)	34 888	-	-
Projects Monitoring and Evaluation	(322)	(797)	-	-	(1 119)
Projects Promotional Activities	(1)	(18 788)	33 122	-	14 333
Pundu CDS Project	1 279	-	-	(1 280)	(1)
Put a Child on a Desk Programme**	28 340	(29 275)	45 000	-	44 065
St Peter's Hospital-Likoma Project	-	(3 973)	15 000	-	11 027
The Malawi Polytechnic	-	(1 000)	1 000	-	-
Thomasi Health Centre	137 961	-	-	-	137 961
Total	928 600	(372 665)	491 804	(45 121)	1 002 618

* In partnership with Nation Publications Limited, the Trust participates in the Mother's Day Fun Run which is an initiative aimed at mobilizing resources for the procurement of medical equipment for one district per year. The district with the highest maternal mortality in a specific geographical region (south, central and north) is chosen to benefit from the Fun Run in a particular year. During this financial year, the medical equipment were donated to Queen Elizabeth Central Hospital in Blantyre.

** The Put a Child on a Desk Programme aims at addressing furniture needs in District Boarding Secondary Schools identified by the Ministry of Education, Science and Technology. Specifically, the programme targets the maintenance of broken desks as well as supplying durable additional desks where necessary. During this financial year, the Trust supported the following district boarding secondary schools: Salima, Euthini in Mzimba, Chitipa and Bangula in Nsanje.

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.

THE TRUST FINANCIAL REVIEW

Press Trust achieved a surplus of K421 million (2017: K397 million) after distributing K447 million (2017: K427 million) to social development projects. Total comprehensive income for the Trust grew by 195% to K5.4 billion (2017: K1.83 billion) mainly driven by fair value gains on listed equity investments. The net worth of the Trust grew by 14% during the year to K44.62 billion (2017: K39.21 billion).

GROUP FINANCIAL REVIEW

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

2017 to K2.481 billion in 2018 mainly due to dividend income realised during the year. The group incurred a deficit of K454 million (2017: K332 million). The total group comprehensive income for the year declined by 17% from K5.416 billion in 2017 to K4.515 billion in 2018. This downward movement in comprehensive income for the group was mainly due to a significant loss of K942 million reported during the year by Press Agriculture Limited (PAL) in terms of the financial position, the group had net current liabilities of K1.776 billion (2017: K813 million) mainly emanating from short-term obligations of PAL. The group had an accumulated deficit of K2.28 billion (2017: K4.06 billion) as a result of the negative performance of PAL over last few years. Nevertheless, the net worth of the group grew by 10% during the year to K49.2 billion (2017: K44.7 billion) and therefore the group remains strong.

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 in PAL. During the year, the Board of PAL appointed a new Chief Executive Officer for the company. The process of recapitalising PAL is expected to be completed within 12 months from September 2018. 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 redeemable preference shares. The additional capital injection will be applied towards irrigation infrastructure, farm equipment, warehousing facilities, and processing facilities. In the medium term, the company plans to start adding value to its produce targeting mainly the export market. In the short term, efforts to secure adequate working capital financing are being pursued vigorously by the Company. The improvements in macroeconomic fundamentals, especially the deceleration of inflation and the reduction in lending rates coupled with the relative stability of the Malawi Kwacha, will help ease the financing costs for PAL. The Board of PAL and Trustees therefore remain optimistic that PAL will