



RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2017

AUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	31 Dec. 2017 K'000	31 Dec. 2016 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000
Rental income	5,507,380	3,782,253	1,648,396	1,406,828
Increase in fair value of investment properties	4,880,635	5,087,099	1,035,021	1,759,583
Other income	2,499,987	2,497,351	1,744,376	1,174,039
Total income	12,888,002	11,366,703	4,427,793	4,340,450
Total expenditure	(5,764,667)	(8,291,451)	(1,727,570)	(2,808,148)
Profit before income tax expense	7,123,335	3,075,252	2,700,223	1,532,302
Income tax expense	(2,030,467)	(1,086,613)	(756,414)	(372,092)
Profit after tax	5,092,868	1,988,639	1,943,809	1,160,210
Distributable profits	1,808,364	(884,676)	1,219,294	(71,498)
Non-distributable profits	2,274,585	2,842,832	724,515	1,231,708
Amount attributable to members of the company	4,082,949	1,958,156	1,943,809	1,160,210
Amount attributable to minority interest	1,009,919	30,482	-	-
	5,092,868	1,988,638	1,943,809	1,160,210

SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	31 Dec. 2017 K'000	31 Dec. 2016 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Ordinary share capital	114,902	114,902	114,902	114,902
Distributable reserves	1,811,650	187,130	3,383,910	2,348,460
Non-distributable reserves	17,101,726	14,827,141	9,084,420	8,359,905
Share premium	8,626,938	11,369,361	8,626,938	8,626,938
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	27,655,216	26,498,534	21,210,170	19,450,205
Non-controlling interests	16,466,342	1,460,181	-	-
Total equity	44,121,558	27,958,715	21,210,170	19,450,205
LIABILITIES				
Non-current liabilities	14,300,480	21,394,757	6,399,720	2,945,967
Current liabilities	3,932,458	6,347,553	463,914	937,824
Bank overdraft	389,772	160,668	389,772	140,720
Total liabilities	18,622,710	27,902,978	7,253,406	4,024,511
TOTAL EQUITY AND LIABILITIES	62,744,268	55,861,693	28,463,576	23,474,716
ASSETS				
Non-current assets				
Investment properties	48,597,167	43,510,442	12,766,492	11,726,210
Other assets	2,368,127	2,978,371	13,953,905	8,137,651
Total non-current assets	50,965,294	46,488,813	26,720,397	19,863,861
Current assets				
Receivables	11,638,735	8,518,558	1,682,879	2,806,449
Funds at call and on deposit	-	726,625	-	725,240
Cash and bank balances	140,239	127,697	60,300	79,166
Total current assets	11,778,974	9,372,880	1,743,179	3,610,855
TOTAL ASSETS	62,744,268	55,861,693	28,463,576	23,474,716

SUMMARISED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	31 Dec. 2017 K'000	31 Dec. 2016 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000
At the beginning of the year	27,958,715	17,290,263	19,450,205	9,605,606
Distributable profit for the year	1,676,423	(1,572,856)	1,219,294	(71,498)
Issue of shares	-	57,451	-	-
Non-distributable profit for the year	3,416,445	3,561,494	724,515	1,231,708
Dividend declared - Interim 2017	(183,844)	(4,575)	(183,844)	-
Dividend declared - Non controlling interest	(178,250)	-	-	-
Share premium	11,432,069	8,626,938	-	8,684,389
	44,121,558	27,958,715	21,210,170	19,450,205

SUMMARISED STATEMENT OF CASH FLOWS

	31 Dec. 2017 K'000	31 Dec. 2016 K'000	31 Dec. 2017 K'000	31 Dec. 2016 K'000
Cash flows from operating activities				
Net cash inflow/(outflow)	1,353,401	(2,361,203)	1,914,407	(12,933)
Return on investment and servicing of finance				
Dividend received	-	-	162,675	-
Interest received	33,840	85,114	33,374	84,249
Interest paid	(1,745,372)	(4,110,941)	(152,851)	(1,648,099)
Dividend paid	(183,844)	-	(183,844)	-
Dividend paid to outside shareholders	(178,250)	(4,575)	-	-
Net cash flow from returns on investment and servicing of finance	(720,225)	(6,391,605)	1,773,761	(1,576,783)
Taxation paid	(554,259)	(369,861)	105,957	(269,503)
Net cash (used in)/generated from operating activities	(1,274,484)	(6,761,466)	1,879,718	(1,846,286)
Addition to plant and equipment	(206,091)	(794,515)	(23,648)	(47,143)
Additions to investment properties	(79,553)	(47,472)	(5,261)	(235)
Proceeds on disposal of non-current assets	600,000	386	-	386
Investment in subsidiary company	-	-	(9,060,465)	-
Staff long-term loan movements	5,289	5,978	5,289	5,978
Net cash (used in)/generated from investing activities	319,645	(835,623)	(9,084,085)	(41,014)
Net cash before financing activities	(954,839)	(7,597,089)	(7,204,367)	(1,887,300)
Cash flow from financing activities				
Borrowings	3,297,954	4,997,290	6,854,480	1,882,748
Repayment of borrowings	(15,171,386)	(6,129,691)	(643,271)	(7,416,365)
Increase in share capital	11,432,069	8,684,389	-	8,684,389
Exchange loss related to borrowings	453,015	1,099,775	-	-
Net cash flow from financing activities	11,652	8,651,763	6,211,209	3,150,772
(Decrease)/increase in cash and cash equivalents	(943,187)	1,054,674	(993,158)	1,263,472
Cash and cash equivalents at the beginning of the year	693,654	(361,020)	663,686	(599,786)
Cash and cash equivalents at the end of the year	(249,533)	693,654	(329,472)	663,686

Chartered Accountants
Lilongwe, Malawi

Basis of preparation

The summary consolidated and separate financial statements are prepared in order to meet the requirements of the Malawi Stock Exchange Listing Requirements for summarized financial statements. The Listing Requirements require summarised financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the consolidated and separate financial statements, from which the summary consolidated and separate financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated and separate financial statements.

2017 FINANCIAL YEAR RESULTS PUBLICATION COMMENTARY

Review of the results

The Board is pleased to announce the results of the Group for the year ended 31 December 2017. Overall Group results were excellent. Income increased by 13% to K13.0 billion in 2017 from K11.4 billion in 2016. The increase is mainly due to rent income growth. This was due to rent reviews, increased occupancy levels mainly at The Gateway. Total expenditure for the year decreased to K5.8 billion in 2017 from K8.3 billion in 2016 largely due to lower finance costs emanating from reduced borrowings.

The profit after tax more than doubled to MK5.1 billion in 2017 from MK2.0 billion in 2016, representing a year-on-year increase of 156%.

The Gateway occupancy increased to 95% by the end of 2017 having started the year at 74%.

On the other hand, Government rent arrears worsened to MK8.0 billion as at December 2017 and continued to negatively impact the company's operations.

Outlook

Real Gross Domestic Product (GDP) growth for 2018 is expected at 4.0%, down from the estimate of 5.1% for 2017 according to the Reserve Bank of Malawi. The growth is on the assumption of continued macroeconomic stability including stable exchange rate and low inflation barring the impact of lower maize harvest and electricity power shortages.

Despite a fairly challenging environment especially due to high rental arrears from Government, the future of MPICO plc looks bright. The Group is committed to ensuring that its clients are provided with relevant property solutions and de-risk the capital structure to the extent possible in order to drive growth in Shareholder value. The Board and Management have put in place strategic plans to ensure that these objectives are achieved.

Dividend

The Directors recommend a final dividend of K229.8 million making a total dividend of K413.2 million (2016: nil) in respect of 2017 profits representing 18 tambala per share having paid an interim dividend of MK183.4 million in October 2017 (2016: nil).

The final dividend will be paid in August after the Annual General Meeting planned for June 2018.

By order of the Board.

Damien Kafoteka
MANAGING DIRECTOR

Edith Jiya
CHAIRPERSON

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Independent Auditor's Report on the Summary Consolidated and Separate Financial Statements

TO THE MEMBERS OF MPICO plc

Opinion

The summary consolidated and separate financial statements, which comprise the summarised consolidated and separate statements of financial position as at 31 December 2017, and the summarised consolidated and separate statements of profit or loss and other comprehensive income, and summarised consolidated and separate statements of changes in equity and cash flow for the year then ended, and the basis of preparation note, are derived from the audited consolidated and separate financial statements of MPICO plc for the year ended 31 December 2017. In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements, in accordance with the basis of preparation note.

Other matter

We have not audited the 2017 Financial Year Results Publication Commentary included in the accompanying summary consolidated and separate financial statements and accordingly do not express any opinion thereon. Summarised Consolidated and Separate Financial Statements

The summary consolidated and separate financial statements do not contain all the disclosure required by the International Financial Reporting Standards. Reading the summary consolidated and separate financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and our 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 31 March 2018. That report also includes 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 for the current period.

Directors Responsibility for the Summary Consolidated and Separate Financial Statements

Directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the basis of preparation note.

Auditor's Responsibility

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



Joel Mwenelupembe
Chartered Accountant (Malawi)
Partner

Lilongwe, Malawi

Date 31st March, 2018