



2008 / 2009



# MISSION STATEMENT



**TO PROVIDE CHARITABLE  
SUPPORT TO INDIVIDUALS AND  
/OR INSTITUTIONS WHICH,  
WITH ACTIVE COMMUNITY  
PARTICIPATION, CAN  
CONTRIBUTE SIGNIFICANTLY TO  
THE DEVELOPMENT OF MALAWI**

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# BOARD OF TRUSTEES

## TRUSTEES

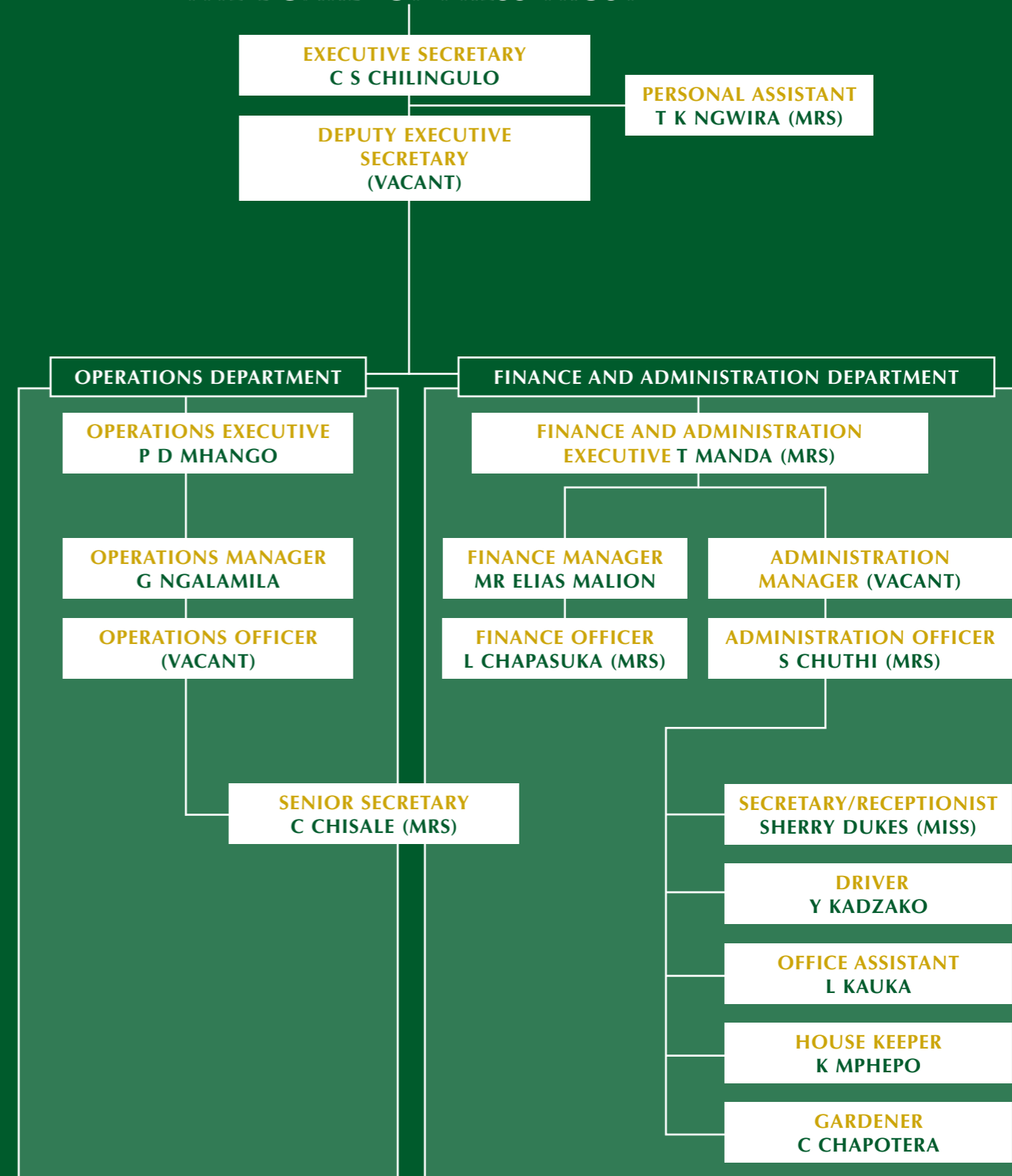
**Dr George Kayambo (Chairman)**  
**Mr Chris Barrow**  
**The Hon. Prof. Peter Mwanza, MP**  
**Mr Ben Chidyaonga**  
**Mr Tony Kandiero**  
**Mrs Nancy G. Tembo**  
**Mrs Esther Chioko**

*Seated from left to right  
Mrs Esther Chioko, Mr Chris  
Barrow, Mr Tony Kandiero  
and standing The Hon. Prof.  
Peter Mwanza, MP, Dr George  
Kayambo (Chairman), Mrs  
Nancy G. Tembo, Mr Ben  
Chidyaonga*



# ORGANISATIONAL STRUCTURE

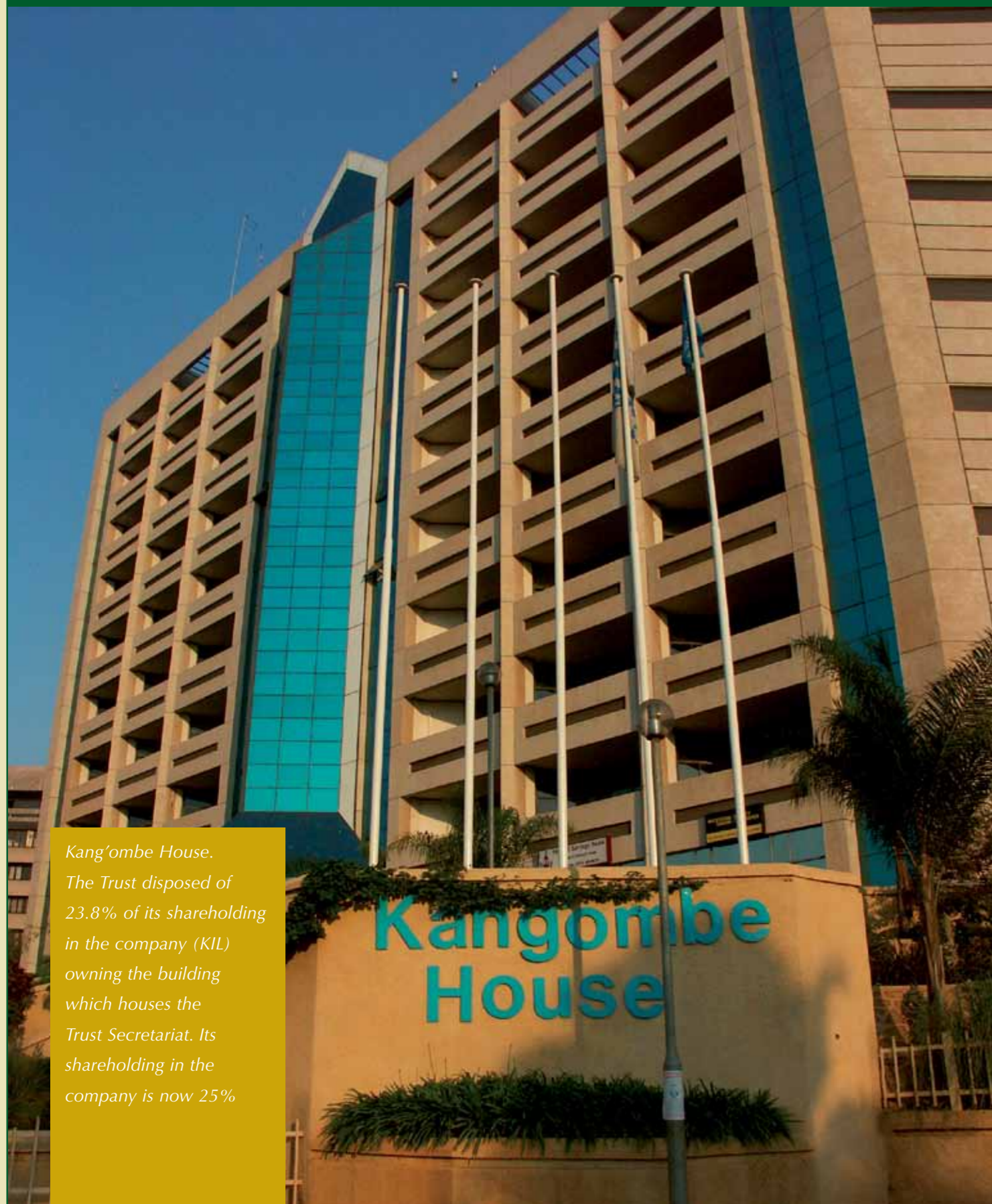
## THE BOARD OF PRESS TRUST





# THE TRUSTEES

## DR GEORGE H KAYAMBO



Dr George Hamilton Kayambo was born in Salima District, Malawi on July 6 1946. His primary education was at Msarula Primary school in Salima District and Mtendere Primary School in Dedza District. Secondary education followed at Zomba Catholic Secondary School and thereafter at St Ludwig Gymnasium High School in Saarbrücken, Saarland in Germany.

In 1965 he graduated from the University of Saarland with a Bachelor of Science Degree. He then joined the University of Düsseldorf where he studied medicine for fourteen years and obtained three postgraduate medical degrees. He graduated with an MBChB in 1969, an MD in 1973 and an MMED in General Surgery in 1976.

He returned to Malawi in 1977 and worked for seven years as a Senior Surgical Specialist and Senior Medical Superintendent in the Ministry of Health where he was stationed at Kamuzu Central Hospital. He was then sent back to Germany to specialise at the University of Essen where he graduated with an MMED in Cardio-thoracic Surgery in 1987. On return to Kamuzu Central Hospital, he was promoted to Chief Surgeon and Medical Director of the Hospital in 1988, a position he held for eight years until 1996 when he retired.

He then founded Lingadzi Private Clinic in 2001 and is also adjunct faculty at the University of Malawi's College of Medicine as Senior Lecturer in cardio-thoracic Surgery.

Dr Kayambo has served on several Boards in Malawi. He was appointed to the Board of Press Trust in August 2004.



*Kang'ombe House. The Trust disposed of 23.8% of its shareholding in the company (KIL) owning the building which houses the Trust Secretariat. Its shareholding in the company is now 25%*



## THE TRUSTEES

### MR CHRISTOPHER BARROW

### MR A BEN CHIDYAONGA

Christopher Barrow was born in Blantyre, Malawi, on 16th July 1930 to a British family. He obtained his B.A. [Cantab] degree in Law and Economics from Cambridge University in England.

After his studies, Chris Barrow spent his career working in agriculture-based family companies growing and processing tea, tung, coffee, and macadamia.

From 1966 to 1973, he served as a nominated member of the National Assembly in Malawi, representing minority European interests.

Apart from being Chairman of his family businesses, Chris Barrow has served the country as Chairman of numerous Parastatal Corporations and key private companies including ESCOM, Malawi Railways, INDEbank Limited, Southern Bottlers Limited, Bain Hogg insurance company, and the Tea Research Foundation.

His distinguished services to Malawi earned him, in 1995, the British award of Order of the British Empire [O.B.E.]. In 1996 he was appointed as second Initial Trustee of Press Trust.



Mr A Ben Chidyaonga was born in Thyolo District in 1956 to Malawian parents. He comes from Thomasi Village, T.A Changata in Thyolo and is married with three children.

Mr Chidyaonga is a practising architect and partner in The ABC Design Associates, an architectural practice established by him in 1996. Having completed a Diploma in Technical Education at The University of Malawi in 1978, he worked for the Government for three years. He then went to the United Kingdom in 1982 where he spent seven years at the University of South Bank and the University of North East London, pursuing Bachelor of Arts and Bachelor of Architecture degrees.

He is a member of the Royal Institute of British Architects, a member of the Malawi Institute of Architects and a registered architect with the Board of Architects and Quantity Surveyors in Malawi. Prior to returning to Malawi, Mr Chidyaonga worked for internationally recognised architectural practices in London for a period of four years as a registered architect.

In Malawi, Mr Chidyaonga has worked for Government as a project architect and as Deputy Project Manager for the International Development Association Project Implementation Unit of the Ministry of Education

He has served on a number of boards including those of professional institutions including the Malawi Institute of Architects as chairman, the Board of Architects and Quantity Surveyors as board member. He was appointed to the Board of Press Trust in July 2003 and served as Chairman from September 2005 to August 2006.



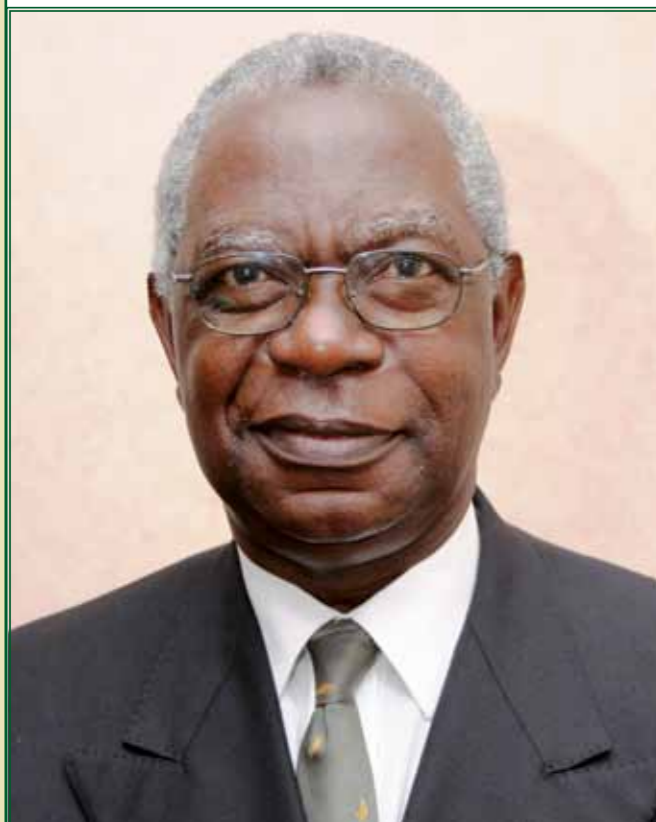


## THE TRUSTEES

# MR TONY KANDIERO

Mr Tony Kandiero was born at Chididi Mission in Nsanje District, Malawi on March 21 1940. His home village is Misamvu, also in Nsanje, T. A. Tengani. He is married with five children. He was educated in Malawi, the United States of America and Great Britain. He holds a Master of Philosophy Degree (in Management Studies) obtained at Henley in England.

He has served Malawi in various capacities, which include 23 years as a broadcaster with the Malawi Broadcasting Corporation, an organisation he led as its General Manager between 1980 and 1988. In 1988 he was appointed High Commissioner to Zimbabwe and Botswana. In 1990 he was appointed High Commissioner to the Court of St. James,



London. On a non-residential basis, he was also Ambassador to Finland, Norway, Portugal, Spain and Sweden.

In 1993 he returned to Malawi's Home Service where he was assigned to head the Ministry of Foreign Affairs. He was later appointed General Manager of Malawi Portland Cement Company, pending retirement. Although he officially retired from public service in 1995, he nevertheless continued to be honoured with various appointments, which include, serving as Special Assistant to the then President of the Republic of Malawi, Dr Bakili Muluzi. In the year 2000 he was asked to return to the Foreign Service as Ambassador to the United States of America. On a non-residential basis, he was also Ambassador to Argentina, Brazil, Colombia and Mexico.

Mr Kandiero has served on several Boards at home and abroad. Currently, he is an Honorary Member of the International Eye Foundation, which is based in Washington, DC, and is also Vice Chairman of the Bingu Silvergrey Foundation.



# The Hon. Professor PETER N MWANZA, M.P.

Professor Peter N Mwanza was born in May 1937, in Mzimba, Malawi. He is the last born in a family of five. He obtained a Bachelor of Science degree in Biological Sciences from the University of London in the early sixties. On return to Malawi he worked in the Ministry of Agriculture as a research scientist in Entomology. While there he won a Ford Foundation International Fellowship to pursue advanced studies in the United States. He obtained a Master of Science and Doctor of Philosophy degrees in Microbiology from the Ohio State University, in Columbus Ohio, U.S.A.

Professor Mwanza returned to Malawi in 1966 to become the first Malawian academic to lecture at the newly established University of Malawi. At the University he became the first Malawian Principal of Chancellor College. His major achievements include the integration of the Institute of Public Administration (Mpemba), Soche Hill College of Education into Chancellor College and its relocation from Blantyre to Zomba.

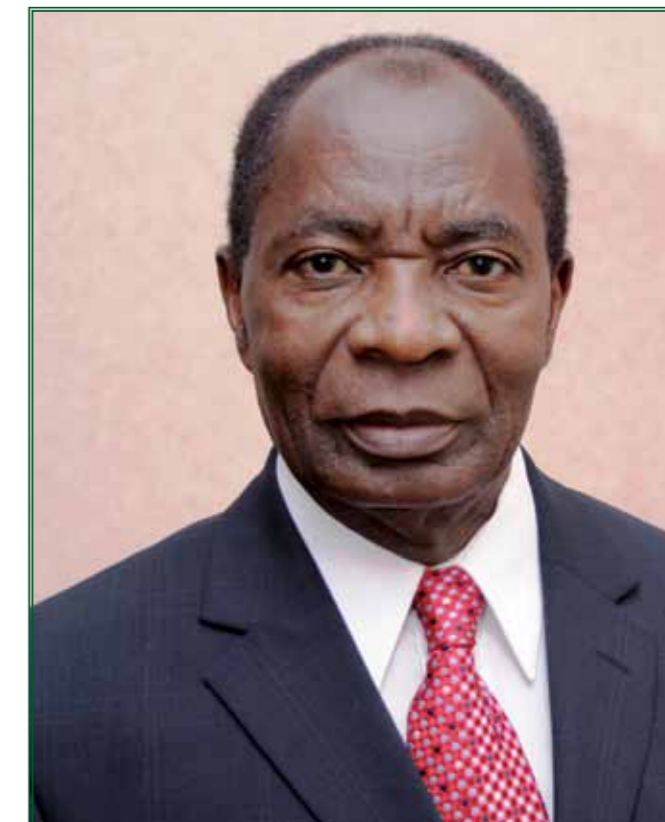
At the University of Malawi, he was instrumental in establishing some key governmental and non-governmental organisations. The National Research Council of Malawi (NRCM) was established in 1974 on his initiative and recommendation to Government.

From 1979 to 1996 Professor Mwanza left Malawi, joining the United Nations Economic Commission for Africa as Director of Natural Resources, Environment and Science and Technology Division. During that period with the United Nations, he travelled to virtually every African country.

Professor Mwanza returned to Malawi where he helped establish Mzuzu University, first as Chairman of the University Council and later as Vice Chancellor. He is also the current Chairman of the Malawi Environmental and Endowment Trust. He has published a number of both fundamental and applied scientific articles in well-recognised international journals and books.

He was appointed to the Press Trust Board in July 2003.

Professor Mwanza was not only elected a Member of Parliament during the elections of May 2009, but has been appointed Minister of Lands, Housing and Urban Development in the new Administration of President Bingu wa Mutharika.





## THE TRUSTEES

# MRS ESTHER CHIOKO

Mrs Esther Chioko was born on December 6, 1955 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 G TEMBO

Mrs Nancy G Tembo, was born on November 1, 1959 and is married with five children.

She completed her secondary education in 1976 and in 1977 she joined the Reserve Bank of Malawi working until 1980 as a bank clerk. In 1980 she pursued 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.

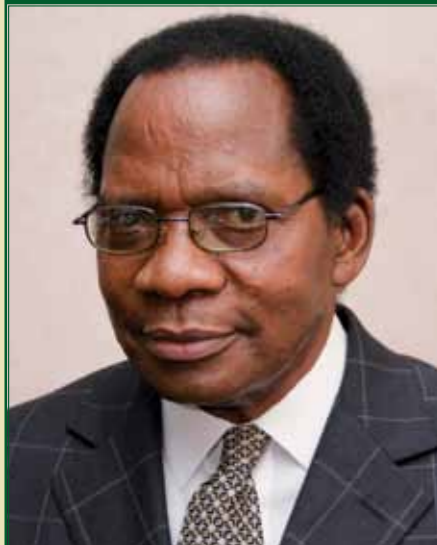
As Member of Parliament, she was a Committee Member of the Public Accounts Committee and Parliamentary Committee on Health. She was also Shadow Minister of Education in the opposition Malawi Congress Party.

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





# CHAIRMAN'S STATEMENT



I have the pleasure in presenting our Report for the period from April 1 2007 to March 31 2009. Although

Press Trust was

not spared the effects of the global economic meltdown, it registered modest growth over the period. Indeed, as shown elsewhere in this Report, for the year ended 31st March 2009, the Trust made a record distribution of 55% of its income to an ever broader cross section of Malawi society, thereby fulfilling its mission of contributing significantly to the development of our country by providing charitable support to institutions which operate in our communities.

We depend entirely on income from our investments in order for us to fulfil our mission as stated above. This in turn depends on the local economy. Fortunately, Malawi has continued to register strong economic growth in the past two years despite the global economic crisis. As detailed in the Executive Secretary's Report, all economic fundamentals including interest rates, inflation and exchange rates also remained favourable over the period. In order to continue strengthening our investment portfolio, Press Trust invested close to MK300 million in listed securities of 'blue chip' companies on the Malawi Stock Exchange.

As a result of the good economic climate, total income earned by the Trust as shown in the Audited Accounts rose by 25.6% in 2009 which attests to our financial success although sharp falls in share prices of listed securities have adversely affected the net worth of the Trust recorded in the Balance Sheet.

I would like to pay tribute to the exceptional individuals and colleagues who have served as Trustees during the past two years and have demonstrated at all times the wisdom and maturity which justified their appointment. I make special mention of Mr. Tony Kandiero who served as Chairman of the Trust from July 2007 to June 2008. During his tenure of office, he guided the Trust to greater heights.

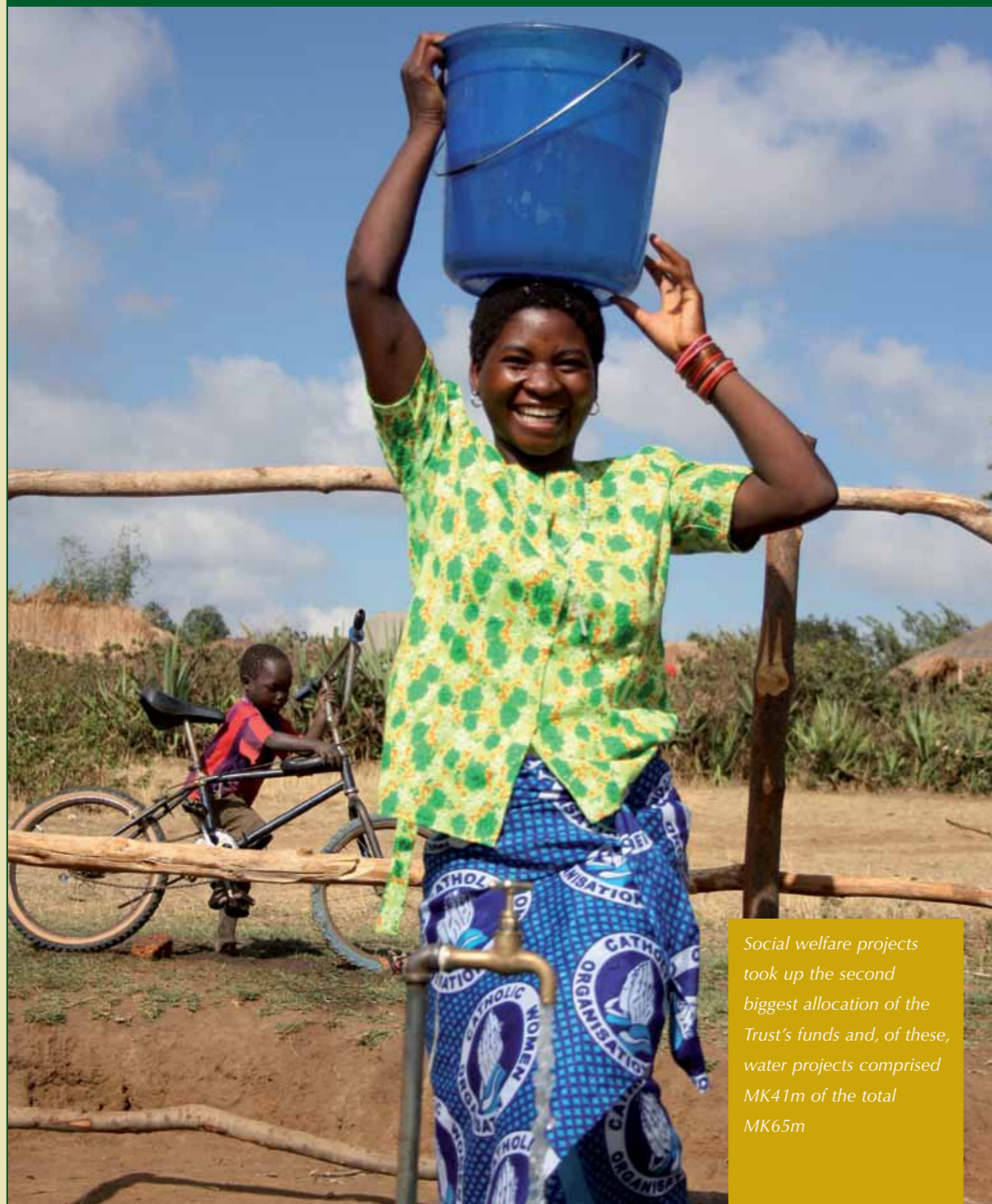
The Trust also continued to voluntarily comply with the international guidelines on corporate governance over the period. All Board Committees comprising Human Resources, Finance and Audit, and Operations, Risk and Investment were very active throughout the period and fulfilled their various mandates with exemplary professionalism. More importantly, Trustees continued to comply with the Press Trust Reconstruction Act (PTRA) which enshrines all the tenets of good corporate governance any organisation can aspire to practice.

It is worth highlighting of all the Trustees lest it be taken for granted that their efforts and



*Press Trust acquired in 2008 a significant shareholding in INDEbank. This bank has performed strongly since then registering profits growths of over 25% per annum*





*Social welfare projects took up the second biggest allocation of the Trust's funds and, of these, water projects comprised MK41m of the total MK65m*

dedication go unrewarded in any way save the satisfaction derived by them serving their country at a very high level. Refinements to the Press Trust Reconstruction Act are being pursued with a view to even greater motivation at Board and individual Trustee level and greater latitude in our portfolio handling.

The Executive Secretary and his staff complement of only fourteen members have continued to implement the wishes and instructions of Trustees with exemplary dedication to a unique task and most significantly, it is pleasing to note that they have achieved their work with a remarkable degree of success. I thank them most sincerely for their energetic pursuit of our mandatory targets.

Our aim that Press Trust retains and further strengthens its unique role in Malawi as a major indigenous philanthropic institution and development catalyst, remains as strong as ever. At the same time, we should 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, together with my fellow Trustees, to many more years in the attainment of development goals and, in doing so, to being of real service to my fellow citizens of Malawi.

**DR. GEORGE H KAYAMBO**

CHAIRMAN

March 31 2009



# EXECUTIVE SECRETARY'S REPORT

## ECONOMIC REVIEW

### THE ECONOMY

Malawi continued to register strong economic growth in 2008 of 9.7% which was an improvement on the GDP growth rate of 8.6% achieved in 2007. Agriculture remains the mainstay of the economy and the key driver of economic performance. Successful implementation of the Government's targeted fertiliser and seed subsidy input program coupled with favourable rains and good crop prices has ensured that agriculture does not only register strong economic activity but has also enabled the country enjoy successive bumper maize harvests since 2006. Industry sectors such as manufacturing, mining, transport, telecommunications, construction and financial services have also continued to register strong economic growth which has further boosted the GDP growth rate.

### INFLATION AND EXCHANGE RATE

Despite high oil prices at the onset of 2008 which remained precarious until March 2009 coupled with high fertiliser prices which more than doubled in the 2008/2009 crop season, overall inflation for the past two years ending March 31 2009 averaged 8.4%. This single digit low inflation environment which allowed stability in local prices was largely achieved on

account of increased food availability on the local market and the relatively stable Malawi kwacha exchange rate which averaged at about MK141 to US\$1.00 for the past two years.

### MONETARY POLICY

In terms of monetary policy, the Government through the Reserve Bank of Malawi reduced the Bank Rate from 20% to 17.5% in August 2007 followed by a further reduction to 15% in November 2007 which is still applicable now (March 31 2009). The Liquidity Reserve Requirement (LRR) has been maintained at 15.5% for the past two years to allow commercial banks to lend more funds. Accordingly, liquidity rose rapidly in mid 2007 due to strong economic growth, aid disbursements and excess liquidity generated by a reduction of the LRR. As a result, Treasury Bill rates declined from around 16.4% in April 2007 to a record low of 8.5% in February 2008 mainly due to low inflation, monetary expansion and capital inflows. Since then, Treasury Bill rates have improved

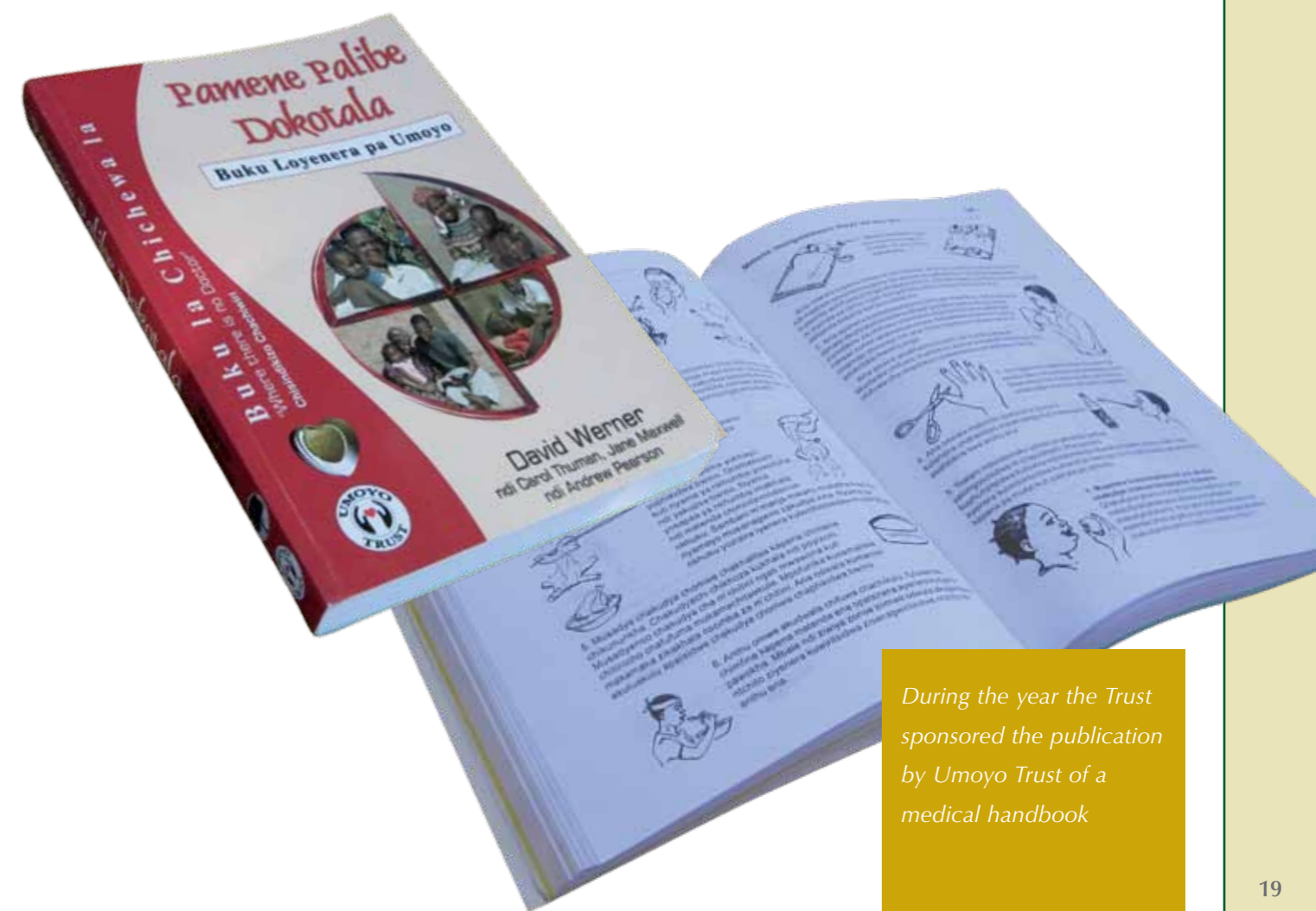


to around 12% as at March 31 2009 mainly because of speculation created by the uncertainty as a result of the global financial meltdown.

### FISCAL POLICY

The Government's fiscal policy continues to introduce tax measures which encourage investment in various industry sectors such as tourism, telecommunications, manufacturing, transport, energy and fisheries. Government has indicated that the aim of such measures is to

encourage real investment in these sectors which has indeed helped to boost economic growth and to consolidate economic gains made so far. As a result of these favourable fiscal measures, Foreign Direct Investment (FDI) increased to a record high of US\$143.3 million in 2008 from US\$92 million recorded in 2007. Some of the notable investments are the mining of uranium at Kayelekera in Karonga District and the cotton factory in Balaka District which will not only offer permanent employment to thousands of Malawians but also generate the much needed foreign exchange.



*During the year the Trust sponsored the publication by Umoyo Trust of a medical handbook*



2009 ECONOMIC OUTLOOK

The economic outlook for 2009 projects the Country's GDP growth rate of 7.9% mainly on account of the mining of uranium in Karonga District and the decline in international oil prices. However, the main markets for the Country's major export commodities such as tobacco, tea, cotton, textiles, coffee and sugar have just undergone the worst recession since World War II. This may affect demand for these commodities which might result in lower prices and less foreign exchange inflows. But it is not all doom and gloom. There is hope that the Country will continue to consolidate the economic gains achieved so far. This is because of the low average inflation of 7% forecast for 2009; the Donor commitments of continued budgetary support to Malawi coupled with a stable political environment now that the Presidential and Parliamentary Elections are behind us. The forecast favourable economic environment will provide a good environment for investments especially those listed on the stock market which are gradually gaining ground.

OPERATIONS REVIEW

During the past two (2) years, the Trust invested close to MK292 million in listed securities and donated close to MK264 million to social development projects as indicated in the pie chart below.

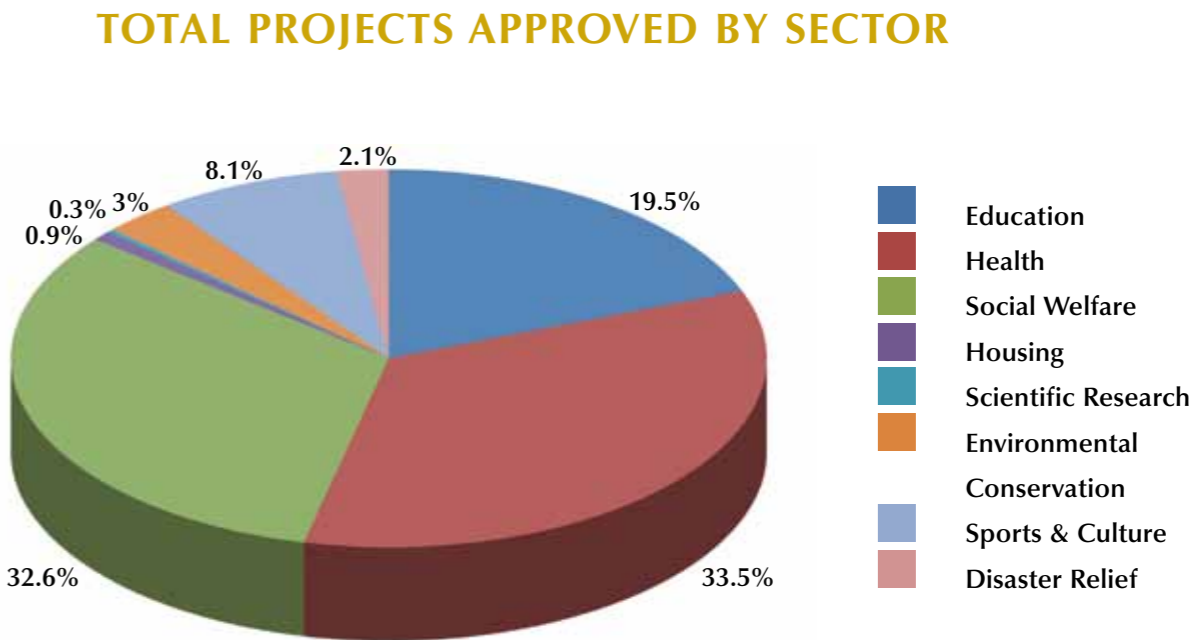


PROJECTS

As at March 31 2009, the Trust had donated over MK1.15 billion towards social development programmes by funding a total of 147 distinct projects throughout the country and the summary of total approvals per sector are as follows (right):-

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

However, during the past two years, the Trust has funded a total of thirty new projects in the sectors of education, health, social welfare, sports and culture and environmental conservation. The actual summary of approvals in each year is as follows (overleaf):-

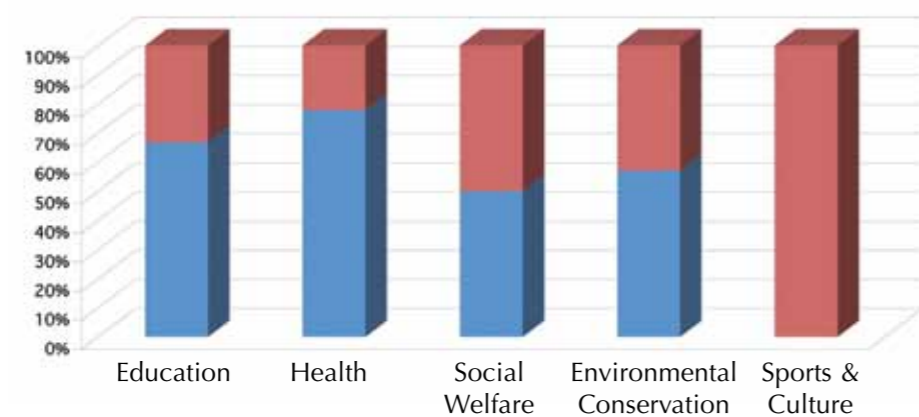


SUMMARY OF PROJECT APPROVALS AS AT MARCH 31 2009		
SECTOR	APPROVAL MK	%
Education	224,644,012	19.5
Health	385,213,413	33.5
Social welfare	375,472,827	32.6
Housing	10,000,000	0.9
Scientific research	3,284,000	0.3
Environmental conservation	34,347,834	3.0
Sports & culture	92,802,781	8.1
Disaster relief	24,705,897	2.1
Total	1,150,470,763	100

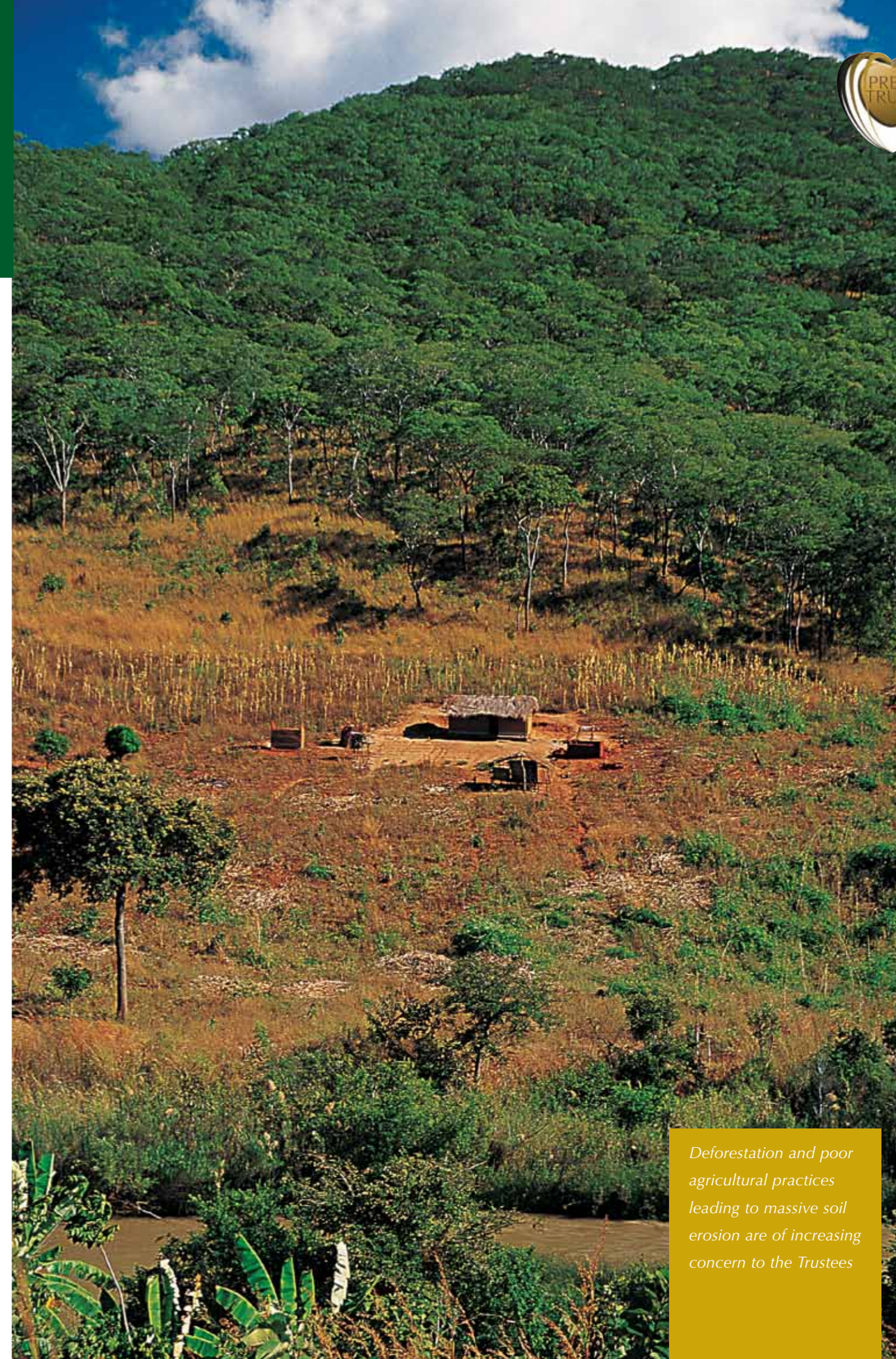


CUMULATIVE APPROVALS AS AT MARCH 31			
	2008 MK	2009 MK	Total MK
Education	27,856,000	13,853,508	41,709,508
Health	73,236,388	20,880,000	94,116,388
Social Welfare	32,502,300	32,501,804	65,004,104
Environmental Conservation	12,000,000	9,000,000	21,000,000
Sports and Culture	-	12,954,000	12,954,000
<b>TOTAL</b>	<b>159,077,859</b>	<b>104,563,757.00</b>	<b>263,641,616</b>

## PROJECTS FUNDED DURING THE PERIOD



■ 2008  
■ 2009



*Deforestation and poor agricultural practices leading to massive soil erosion are of increasing concern to the Trustees*



EDUCATION

Education remains one of the priority funding areas of the Trust and during the period under review, a total of MK41.7 million was donated to the education sector. The major beneficiary was Bunda College, a constituent College of the University of Malawi, which received additional funding amounting to MK15 million in March 2009 to be used for completion of the construction of a 66-bed hostel for female students. This funding had become necessary because of increases in prices of building materials and minor changes made to the original design of the hostel. The construction of the hostel, to which the Trust has contributed close to MK38 million so far, will obviously

boost the enrolment of female students at the College which is in line with Government policy on educating girls in this country besides helping the College to financially break-even. Kachere Primary School in Nkhata Bay District received a donation of MK4.5 million in October 2007 which has been used to construct and furnish two (2) school blocks. A similar donation of two (2) school blocks was also made to M’binzi Primary School in the City of Lilongwe which received a donation of MK5.5 million in October 2008. Construction of the school blocks is currently under way at the School. In response to a big walk organised by Blantyre Girls Primary School, the Trust donated MK3.37 million to the School in October 2008 to be used for renovating School infrastructure.

Realising that there is a huge problem of lack of furniture in most of our primary and secondary schools, Trustees have set aside a fund of MK5.4 million for purchase of desks. The Trust utilises this fund to purchase school furniture as and when the cash flow permits.

For six (6) years now since the year 2003, Press Trust, in consultation with the Ministry of Education, has been running a Merit Bursary for secondary school pupils in response to various requests for scholarships which the Trust receives. Under the Bursary, Press Trust pays tuition and boarding fees only for the best girl and best boy from each of the 33 educational districts in Malawi as determined by the Malawi Government Primary School Leaving Certificate Examinations. Further, continuation of the Bursary depends on the students’ academic

performance, good conduct and character during their entire secondary school education. The Trust has to-date spent close to MK15 million through payment of school fees for beneficiaries of the Bursary. The Bursary has not only encouraged pupils to work hard during their secondary education but has also been a big blessing to many parents/guardians who cannot afford to pay school fees for their children. So far, 62 beneficiaries have made it to the University of Malawi and as at March 31 2009, the Trust was sponsoring 64 students in Form IV, 62 students in Form III, 62 students in Form II and had identified 71 students who are currently in Form I as potential beneficiaries.

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

BENEFICIARY	PROJECT DESCRIPTION	AMOUNT APPROVED (MK)	YEAR
Bunda College	Construction of a girls’ hostels	15,000,000	2008
Kachere Primary School	Construction of school blocks	4,500,000	2008
Ministry of Education	Purchase of school desks	5,431,000	2008
Press Trust Merit Bursary	Secondary School Scholarships	2,925,000	2008
Blantyre Girls Primary School	Renovation of school infrastructure	3,372,508	2009
M’binzi Primary School	Construction of school blocks	5,500,000	2009
Kamuzu Academy	Hosting National Schools Science Fair	300,000	2009
Press Trust Merit Bursary	Secondary School Scholarships	4,681,000	2009
TOTAL		41,709,508	



Blantyre Girls Primary School. In 2009 the Trust helped with renovation of the school’s infrastructure



## HEALTH

Health still remains the most active sector and one which received the largest funding from the Trust during the period under review in which a total of MK107.6 million covering eleven (11) projects was donated to this sector alone. The largest group of beneficiaries are the people of Kalimanjira in Ntcheu and Manolo in Mzimba District who received equal donations of a dispensary with two (2) staff houses complete with electricity supply and running water worth MK28.5 million each making a total donation of MK57 million. Construction of the dispensary at Kalimanjira in Ntcheu District has just commenced.

On March 26 2008, Kasungu District Hospital received a donation of furniture worth MK5.5 million for the paediatrics and female wards. On the same day (March 26 2008), the Trust donated a mortuary refrigeration equipment with a capacity of eight (8) bodies worth MK3 million to St. Gabriel Hospital in Lilongwe. The other beneficiary of medical equipment is Zomba Central Hospital which received a donation of an Oxygen Concentrator worth MK580,000 in October 2008. An Oxygen Concentrator is a life support machine which assists patients with respiratory problems and it was donated to the maternity wing of Zomba Central Hospital to assist in saving the lives of mothers especially during surgical operations.

As part of supporting the Malawi Rural Electrification Programme (MAREP), Press Trust donated MK3.7 million to Mzambazi Rural Hospital in Mzimba District in October 2007 which helped the Hospital get connected to grid electricity and install necessary electrical fittings in all hospital buildings. The donation has helped the Hospital establish an operating theatre and improve the services in the laboratory, pharmacy and in-patient wards including sterilisation of medical equipment which were previously severely compromised.

Umoyo Trust received a donation of MK3 million in October 2007 for the production and free distribution of 3,750 copies of the Chichewa version of a medical book called "Where there is no Doctor". The book is a classic manual which is written simply and heavily illustrated to enable people with little formal education to understand, apply and share health information.

In December 2008, Trustees approved two (2) equal donations of MK10 million each to Beit Cure International Hospital (BCIH) and Lions Club of Blantyre making a total donation of MK20 million. The donation to BCIH is being used to part finance the construction of a paediatrics rehabilitation wing at the Hospital. The major beneficiaries of this donation are disabled children in Malawi who will have the chance to have their deformities corrected free



of charge and thereafter get fully rehabilitated through physiotherapy and occupational therapy at the new wing. This is the second donation by the Trust to BCIH after a donation of surgical equipment, a C-Arm with image intensifier, worth MK5 million made in December 2003.

The donation to Lions Club of Blantyre has been used to fund the pilot phase of palliative care of esophageal cancer patients. The funds have been used for the purchase of stents and accessories, training of medical personnel in usage of stents and carrying out research into levels of satisfaction with the procedure. The ultimate aim of the project which is being implemented by the country's major referral hospitals, namely, Mzuzu, Zomba, Kamuzu and Queen Elizabeth Central Hospitals is to encourage the Ministry of Health to develop a national program in future for prevention and treatment of esophageal diseases based on research findings.

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

BENEFICIARY	PROJECT DESCRIPTION	AMOUNT APPROVED (MK)	YEAR
Chilumba Rural Hospital	Construction of a maternity unit	1,960,000	2008
Kalimanjira Health Centre	Construction of a health centre	28,500,000	2008
Manolo Health Centre	Construction of a health centre	28,500,000	2008
Mzambazi Rural Hospital	Electricity supply	3,707,388	2008
Umoyo Trust	Publication of a medical handbook	3,000,000	2008
Kasungu District Hospital	Purchase of furniture & equipment	5,510,000	2008
St. Gabriel Hospital	Purchase of mortuary equipment	2,059,000	2008
Zomba Central Hospital	Purchase of medical equipment	580,000	2009
Beit CURE International Hospital	Construction of a rehabilitation wing	10,000,000	2009
Lions Club of Blantyre	Purchase of stents for esophageal cancer patients	10,000,000	2009
Nurses Council	Launch of website & policy documents	300,000	2009
<b>TOTAL</b>		<b>94,116,388</b>	





*In December 2008, the Trust approved the construction around Tikoliwe in Mchinji District, of a new gravity-fed water supply scheme with over 40 tap points. The project cost is MK34.7 million*

**SOCIAL WELFARE**

The social welfare sector is another priority funding area of the Trust and during the period under review, it received a total of MK65 million in four (4) projects. Provision of potable water supply is the second Government priority among priorities and in order to support efforts in improving sustainable access to potable water supply in the country, the Trust has invested over MK51.5 million in piped water infrastructure. The Trust made an additional donation of MK19.2 million to the Ministry of Irrigation and Water Development in July 2008 which was used to fully rehabilitate and substantially expand Mngwere Gravity-fed Water Supply

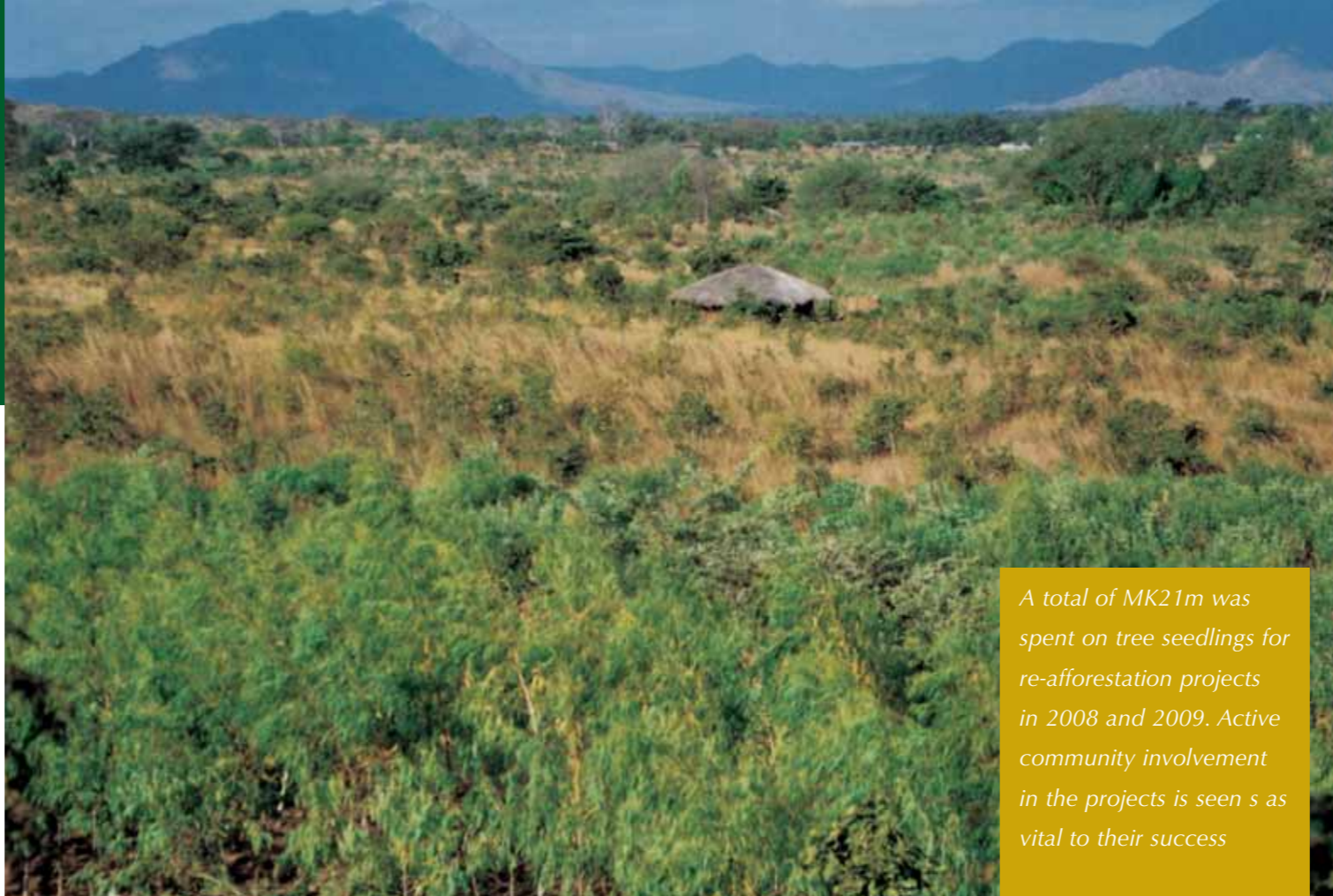
Scheme in Dedza District. The total donation from the Trust of MK32.4 million for the Scheme was used to construct a completely new intake structure, an additional reservoir and to install an upgraded reticulation system. As result of the rehabilitation and expansion exercise, the Scheme which had eleven (11) tap points now has forty (40) tap points with the capacity of further expansion. In December 2008, the Trust approved the construction of a new gravity-fed water supply scheme with over forty (40) tap points worth MK34.7 million around Tikoliwe in Mchinji District. Construction of the Scheme which will benefit over 13,000 people is currently under way.

In July 2007, Press Trust donated MK13.3 million to Kondanani Caring Hands (KCH) at Bvumbwe in Thyolo District which has been used to construct an infant home/ orphanage. KCH is a unique organisation which takes care of babies whose mothers have passed away immediately

after birth or abandoned babies. This donation will therefore benefit over sixty (60) such babies.

The beneficiaries in this sector are therefore as follows:

BENEFICIARY	PROJECT DESCRIPTION	AMOUNT APPROVED (MK)	YEAR
Mngwere Gravity-fed Water Supply Scheme	Supply of piped water	19,229,426	2008
Kondanani Caring Hands	Construction of an infant home	13,272,874	2008
Tikoliwe Gravity-fed Water Supply Scheme	Supply of piped water	32,303,804	2009
Nsiyaludzu School of the Blind	Electrical installation	198,000	2009
Total		65,004,104	



### ENVIRONMENTAL CONSERVATION

Press Trust has been actively involved over the past two (2) years in the national efforts to minimise the rate of global warming and climate change by encouraging sustainable management of the country's natural resources. Deforestation has been a major problem in the country for some time now mainly because of the growing need for agricultural land and the fact that firewood and charcoal remain the main sources of energy for most people. In order to support Government efforts in re-forestation programmes, the Trust has to-date donated MK21 million to the Department of Forestry for purchase of tree seedlings during National Forestry Seasons (NFS).

In October 2007, the Trust made the first donation of 150,000 tree seedlings worth MK5 million to the Department which were planted around Tchifu Hill in Dowa District and along Lirangwe River in Blantyre District during the 2007/ 2008 NFS. The second donation of 160,000 tree seedlings worth MK7 million were

planted at Kunenekude Village in Mwanza District and TA Kwataine's area in Ntcheu District during the 2008/2009 NFS. The Trust has already set aside MK9 million which will be used to buy around 200,000 tree seedlings for planting during the 2009/2010 NFS. Apart from re-planting the trees in deforested areas, the Trust encourages natural regeneration of the forests and so far 87% of tree seedlings have survived from one season to the next mainly because of active community involvement in the projects. The donations made in this sector are as follows:

BENEFICIARY	PROJECT DESCRIPTION	AMOUNT APPROVED (MK)	YEAR
Department of Forestry	Re-forestation programme	12,000,000	2008
Department of Forestry	Re-forestation programme	9,000,000	2009
Total		21,000,000	

*A total of MK21m was spent on tree seedlings for re-forestation projects in 2008 and 2009. Active community involvement in the projects is seen as vital to their success*

### SPORTS AND CULTURE

One of the subsidiary sectors which the Trust supports is the promotion of sports and during the period under review, MK11.3 million was donated to the cause. The sole beneficiary of the donation was the Malawi National Football Team ('The Flames') which used the donation to buy air tickets for its first two away official games in

its campaign to qualify for the 2010 FIFA World Cup and the Africa Nations Cup. This donation was made in December 2008 at a time when Government had exhausted its allocation for the Team and yet the Flames had qualified for the second round of the above two (2) competitions. The donation therefore greatly helped the Team fulfil its official engagements pending its next budgetary allocation from Government.

As part of the promotion of our cultural heritage, the Trust donated MK1.2 million towards traditional ceremonies of the Chewa and Lhomwe people. Equal donations of MK500,000 worth of traditional cloth were made in October 2008 towards the annual Kulamba Traditional Ceremony and the establishment of Mulhakho wa Alhomwe.

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

BENEFICIARY	PROJECT DESCRIPTION	AMOUNT APPROVED (MK)	YEAR
National Assembly	Contribution towards hosting a SADC conference	500,000	2009
Chewa Royal Establishment	Contribution towards Kulamba Traditional Ceremony	500,000	2009
Malawi Television	Coverage of Kulamba Traditional Ceremony	198,000	2009
Mulhakho wa Alhomwe	Contribution towards a traditional ceremony	500,000	2009
Ministry of Sports & Youth Development	Sponsorship for the Flames	11,256,000	2009
Total		12,954,000	



## **SOCIAL AND ECONOMIC IMPACT OF PROJECTS FUNDED**

Almost all projects funded by Press Trust are demand driven because the Trust responds to specific needs identified by beneficiary communities. The projects are aimed at correcting social-ills in this country and from the foregoing, it will be appreciated that the Trust's total donation of close to MK264 million made during the period was made in line with the mandate of providing charitable donations, grants or contributions to institutions or individuals engaged in projects aimed at improving the social-economic status of the people of Malawi. It is difficult though to give or indicate specific socio-economic impact of each project because some yield immediate results while others take longer before tangible results can be realised.

However, I will endeavour to mention a few projects of notable significance such as the construction of a 66-bed hostel for female students at Bunda College which will not only greatly improve their learning environment but is also a practical example of the Trust's effort to help empower women and prepare them for more challenging roles in future. The construction of fully furnished primary school blocks at Kachere Primary School in Nkhata Bay District and M'binzi Primary School in Lilongwe will greatly improve the learning environment

at the two (2) Schools and will consequently help in improving the current low standards of primary education in the country.

The construction of two (2) dispensaries in Ntcheu and Mzimba Districts which have been funded under the health sector, are aimed at improving the health of the people in the areas concerned. When completed, the facilities will serve close to 50,000 people. The furniture donated to Kasungu District Hospital is helping relieve the discomfort in 60 patients experienced whenever they slept on the hospital floor. The connection of grid electricity to Mzambazi Rural Hospital in Mzimba District has greatly helped to improve service delivery at the Hospital. The donation towards the palliative care of esophageal cancer patients in all four central hospitals in the country is greatly helping relieve the pain and trauma caused by the disease besides proving critical research data on the effectiveness of the procedure and whose research findings will help Government to set up a national programme on palliative care of esophageal cancer patients.

The provision of sustainable access to potable water supply to over 25,000 people in Dedza and Mchinji Districts will greatly help in the economic development of the two (2) areas besides minimising the incidence of waterborne diseases. The Trust's effort in trying to address the issue of deforestation

by supporting re-forestation programmes will certainly have long term benefits to this country through teaching communities on sustainable management of their forest resources and helping to reduce the rate of global warming and climate change.

The support by the Trust to the Malawi National Football Team, The Flames, ensured that the Team fulfilled its official engagements in its bid to qualify for the 2010 FIFA World Cup and the Africa Nations Cup. Press Trust recognises that football is not only the most popular sport in this country but is also the sole means of economic livelihood for a lot of Malawians and therefore needs to be supported. The donations by the Trust towards the promotion of the Chewa and Lhomwe cultures help to preserve our country's cultural heritage and practices.

Apart from improving the well being of Malawians, almost all projects funded by the Trust have helped to create employment especially during the implementation of the projects. Notable among these are the construction projects worth over MK180 million and also the re-forestation programme worth MK21 million.

## **INVESTMENTS**

The Trust took advantage of the Initial Public Offers (IPOs) during the period to acquire close to 4.7 million shares worth MK10.6 million in Malawi Property Investment Company (MPICO) and close to 30.3 million shares worth over MK281 million in Telekom Networks Malawi Limited (TNM) making a total investment in listed securities of close to MK292 million. The Trust divested from Old Mutual Plc and also disposed off 23.8% of its shareholding in Kang'ombe Investments Limited (KIL) and used the proceeds thereof to acquire the above investments and also retire some of the long term loans owed by Press Agriculture Limited (PAL). As a result of the disposal, the Trust's shareholding in KIL is now 25%.

Press Corporation Limited remains the Trust's flagship investment and it is pleasing to note that, notwithstanding the tough economic climate which adversely affected its performance in 2008, the company's prospects for 2009 are much stronger. Press Agriculture which is the Trust's second largest investment, continued to experience difficulties. However, for the first time in a long time, PAL posted a small profit in the last farming season (2007/2008). However, now that PAL is undergoing restructuring and looking for a strategic investor/ partner to invest in the company, it is hoped that soon Press Agriculture will turn around and make a positive contribution to the Trust and the country as a whole.



INVESTMENT BY SECTOR	AMOUNT MK'000	%
Tourism & Hospitality	208,973	2.3%
Banking & Financial Services	822,744	9.2%
Telecommunications	60,564	0.7%
Diverse Goods & Services	6,416,650	71.8%
Manufacturing	15,009	0.2%
Agro-processing	1,279,168	14.3%
Health Services	35,411	0.4%
Property	94,738	1.1%
<b>TOTAL</b>	<b>8,933,257</b>	<b>100.0%</b>

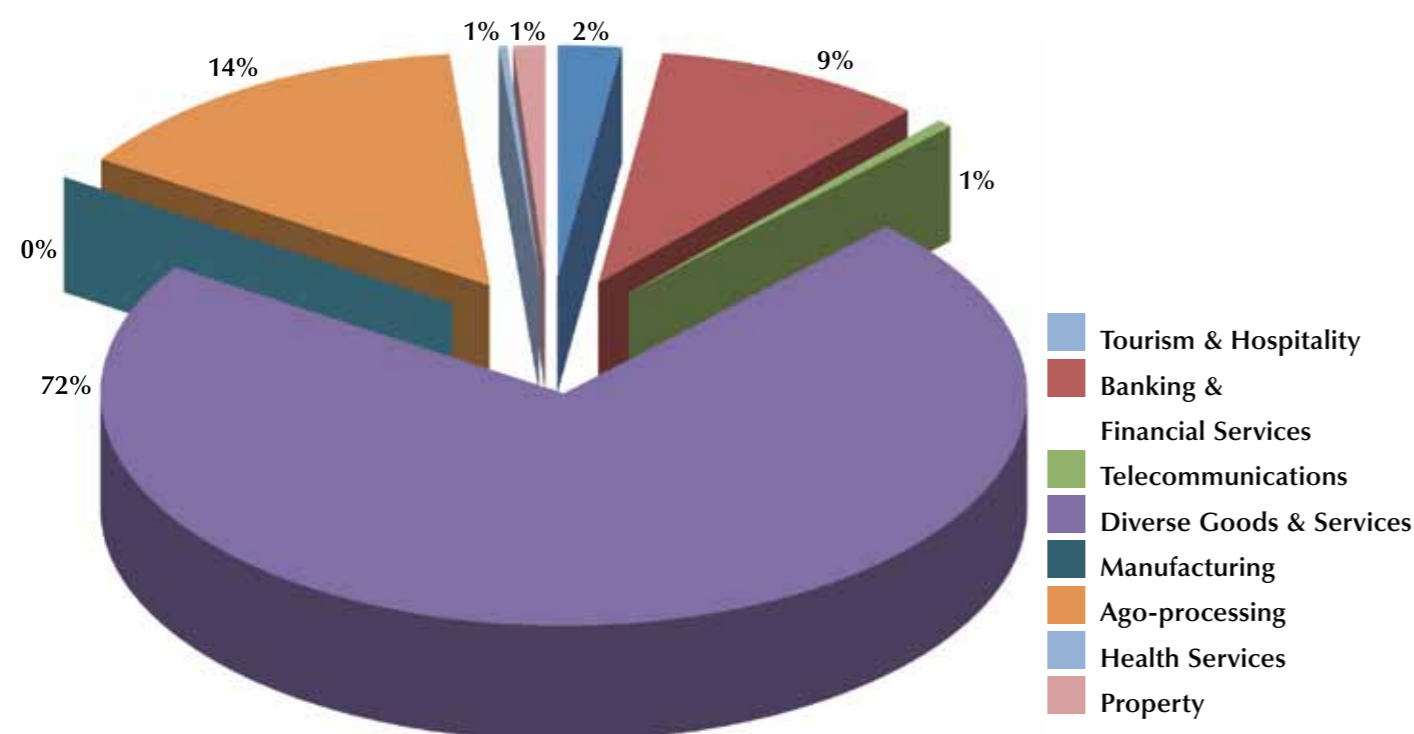
Press Trust has investments abroad through its wholly-owned subsidiary, Press Trust Overseas Limited (PTOL), mainly as a hedge against depreciation of the local currency and as of March 31 2009, it was valued at MK506 Million.

The impact of the global financial crisis has resulted in major decreases in the value of the

underlying securities of the PTOL fund which decreased by MK378.1 million from MK884 million at the beginning of the year to MK506 million as at March 31 2009.

Above and below is the summary of the Trust's local investment portfolio by sector as at March 31 2009:-

## INVESTMENTS BY SECTOR



## FINANCIAL RESULTS

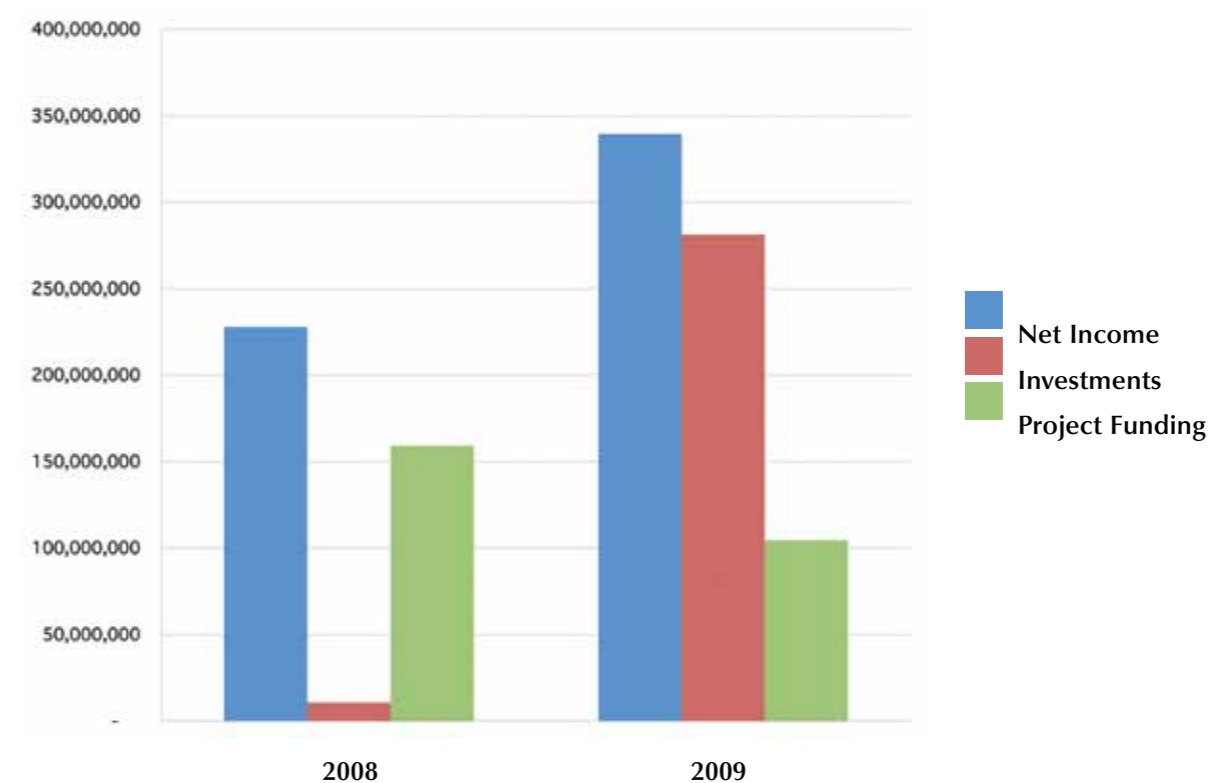
Total income to the Group rose by 25.6% from MK446 million in 2008 to MK560 million in 2009 mainly because of profits realised on disposal of shares in KIL. The Group recorded a surplus of close to MK180 million after project expenditure.

However, the impact of the global financial meltdown has resulted in the decrease of 31.6%

in the net worth of the Trust from MK14.4 billion at the beginning of the year to MK9.9 billion as at March 31 2009. The decline in the assets of the Trust is mainly due to the slump in share prices of listed securities. However, these have now started showing signs of recovery as the global financial outlook improves.

The graph below shows the relationship of net income, project funding and investments during the past two (2) years.

## PROJECTS, INVESTMENTS & NET INCOME





## STAFF MATTERS

### CHANGES

On March 1 2009, the Trust filled the vacancy of the Finance Manager which arose because the then incumbent had been promoted to head the Finance and Administration Department. The Trust also employed the Secretary/ Receptionist on April 1 2008 following the promotion of the then incumbent to the post of Finance Officer. However, the Trust continues to maintain a lean staff complement of only fourteen (14).

*Seating from left to right - Mrs L Chapasuka, Mrs T Manda, Mrs T K Ngwira, Mrs C Chisale, Miss Sherry Dukes and standing, from left to right – Mr G S Ngalamila, Mr L Kauka, Mr C S Chilingulo, Mr Y Kadzako, Mr P D Mhango*

## TRAINING

Training and development of staff is key to any successful organisation and continues to play an important role in the overall strategic plan of the Trust. If people with the right attitude are recruited, training becomes much easier. Therefore, the Trust continued with its training programme and the Administration Officer is on long-term training up to December 2009 pursuing a Bachelor of Business Administration at the University of Malawi. In June 2008, the Finance Officer completed an ACCA Certified Accounting Technician (CAT) course which she had been doing on part-time at Malawi College of Accountancy and has since joined the ACCA professional course.

## OUTLOOK FOR THE YEAR 2009

The Trust's sound financial base, combined with the encouraging results of the years under review, will enable the Trust to successfully meet the challenges of the future and continue to contribute towards the ongoing social and economic development of Malawi.

Of particular significance are the following:-

- The Trust is formulating a Five Year Strategic Plan to cover the period 2010 – 2015 which will be a working document for directing the various operations of the Trust to another productive era. The main focus of the Strategic Plan is to ensure that the Trust continues to generate sufficient funds from its investments for supporting the social development programmes of the country;
- The Trust is actively searching for strategic external sources of funding from development partners to boost the Trust's capacity for project funding. This comes after almost twelve years of successfully funding

social development programs using local resources. Over this period, 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 seriously consider divesting from under-performing assets; and
- The Trust will continue applying principles of good corporate governance as a cornerstone in all its policies.

In conclusion, I wish to sincerely thank Trustees, Management and staff of Press Trust for their dedication over the years and look forward to further improvements especially with the implementation of the Strategic Plan.

CLEMENT CHILINGULO  
EXECUTIVE SECRETARY





## SUMMARY OF PROJECT APPROVALS AS AT MARCH 31 2009

SECTOR	APPROVAL MK	%
EDUCATION	224,644,012	19.5
HEALTH	385,213,413	33.5
SOCIAL WELFARE	375,475,827	32.6
HOUSING	10,000,000	0.9
SCIENTIFIC RESEARCH	3,284,000	0.3
ENVIRONMENTAL CONSERVATION	34,347,834	3.0
SPORTS & CULTURE	92,802,781	8.1
DISASTER RELIEF	24,705,897	2.1
TOTAL	1,150,470,763	100

## PROJECTS FUNDED IN THE EDUCATION SECTOR

PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED
Mzuzu University	National	Purchase of laboratory equipment	Mar 1998	7,900,000
Ministry of Education	Lilongwe, Dowa,Mchinji, Ntchisi	Purchase of school desks	May 1998	10,500,000
Ministry of Education (MANEB)	National	Administration of MSCE examinations	Oct 2000	4,132,467
Balaka Secondary School	Balaka	Renovation of school infrastructure	Jul 1998	667,000
Stella Maris Secondary School	Blantyre	Contribution to purchase of school vehicle	Jul 1998	325,000
Paper-making Education Trust	Blantyre	Purchase of raw materials	May 1998	739,852
Development Aid from People to People	Chiradzulu	Construction of school blocks	Dec 1998	3,601,557
Mwanza F P School	Chikwawa	Construction of library & purchase of books	Jun 1999	650,000
Army Secondary School	National	Construction of school blocks	Oct 1999	989,045
Police Sec School	National	Construction of school blocks	Mar 2000	2,811,760
Kamuzu Academy	National	Construction of girls' hostels	Oct 2000	35,000,000
Solomoni-Kuyenda Primary School	Ntcheu	Roof maintenance	Nov 2002	150,000
Ngwengwe Primary School	Balaka	Roof maintenance	Jan 2003	150,000
Malawi College of Accountancy	National	Construction of a library	Apr 2003	2,000,000
Mzuzu University	National	Construction of girls' hostels	Sep 2003	10,000,000
Salima Technical College	Salima	Purchase of industrial equipment & training materials	Feb 2005	10,900,221
Chancellor College	National	Installation of a fibre-optic network	Feb 2005	2,553,000
University of Livingstonia	Rumphi	Construction of staff houses	Jul 2005	11,550,000
The Malawi Polytechnic	National	Purchase of books & workshop equipment	Sep 2005	11,253,428
Nasawa Technical College	Zomba	Purchase of industrial equipment & training materials	Nov 2005	8,088,761



Army Secondary School	Blantyre	Construction of laboratory & library	Nov 2005	10,762,826
Mzuzu Technical College	Mzimba	Construction of girls' hostel	Feb 2006	15,700,887
Nthalire Community Day Sec. Sch.	Chitipa	Purchase of school desks	Feb 2006	152,500
Bunda College of Agriculture	National	Construction of girls' hostel	Sep 2006	37,300,000
Kachere Primary School	Nkhata Bay	Construction of school blocks	Oct 2007	4,500,000
Ministry of Education	National	Purchase of school desks	Mar 2008	5,431,000
Blantyre Girls Primary School	Blantyre	Renovation of school infrastructure	Oct 2008	6,456,708
M'binzi Primary School	Lilongwe	Construction of school blocks	Oct 2008	5,500,000
Press Trust Merit Bursary	National	Secondary school scholarships	Mar 2003	14,878,000
TOTAL FUNDING				224,644,012

## PROJECTS FUNDED IN THE HEALTH SECTOR

PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED
Chikwawa District Hospital	Chikwawa	Bilharzia research	Nov 1997	87,456.00
Nkhotakota District Hospital	Nkhotakota	Construction of guardian shelter	Apr 1998	603,120.00
Nambiti Health Centre	Phalombe	Construction of a health centre	Oct 1998	5,140,000.00
Chitipa District Hospital	Chitipa	Construction of guardian shelter	Dec 1998	400,000.00
Kamuzu College of Nursing	National	Purchase of a bus	May 1999	8,000,000.00
Kamuzu College of Nursing	National	Purchase of laboratory equipment	Aug 1999	3,417,000.00
College of Medicine	National	Purchase of library books	May 1999	4,500,000.00
Santhe Health Centre	Kasungu	Construction of a health centre	Jun 1999	4,109,092.84
Kameme/Kapenda Health Centre	Chitipa	Purchase of an ambulance	Jun 2000	1,629,000.00
St Peters Hospital	Likoma	Construction of a paediatrics	Aug 2000	3,199,304.45
Lighthouse Project	Lilongwe	Purchase of medical equipment	Aug 2000	5,508,000.00
Nkhoma School of Nursing	Lilongwe	Purchase of vehicles	Nov 2000	520,000.00
Tlkwere Development Foundation	Ntchisi	Electricity supply	Nov 2001	4,100,000.00
Chapananga Health Centre	Chikwawa	Roof maintenance	Nov 2001	100,000.00
Beit Trust CURE International Hospital	Blantyre	Purchase of medical equipment	Dec 2003	5,000,000.00
Kalembo Health Centre	Balaka	Construction of a maternity unit	Mar 2004	9,000,000.00
Likuni Hospital	Lilongwe	Construction of guardian shelter	Mar 2004	1,500,000.00
Chizolowondo Health Centre	Dowa	Construction of a health centre	Mar 2004	26,523,668.00
Malawi College of Health Sciences	National	Purchase of computers & teaching materials	Apr 2004	2,581,852.00
Nkhamenya Community Hospital	Kasungu	Purchase of a maize huller & maize mill	Jul 2004	785,000.00
College of Medicine	National	Support for a conference on library information	Oct 2004	1,000,000.00
Kasina Health Centre	Dedza	Purchase of an ambulance	Feb 2005	2,445,960.00
Phokera Health Centre	Nsanje	Construction of a health centre	Feb 2005	30,390,600.00
Nambilanje Health Centre	Mulanje	Construction of a health centre	Sep 2005	33,900,600.00
Malukula Health Centre	Mangochi	Construction of a health centre	Sep 2005	39,300,600.00
Social Islamic Development	Salima	Construction of mobile clinic blocks	Sep 2005	4,509,960.00
Mphuka Health Centre	Thyolo	Construction of a health centre	Nov 2005	33,006,000.00
Lura Health Centre	Rumphi	Construction of a health centre	Feb 2006	34,206,000.00



Malawi Blood Transfusion Service	National	Purchase of laboratory equipment	Jun 2006	12,150,641.00
Chilumba Rural Hospital	Karonga	Construction of a maternity unit	Sep 2006	15,443,171.00
Kalimanjira Health Centre	Ntcheu	Construction of a health centre	Oct 2007	28,500,000.00
Manolo Health Centre	Mzimba	Construction of a health centre	Oct 2007	28,500,000.00
Mzambazi Rural Hospital	Mzimba	Electricity supply	Oct 2007	3,707,388.00
Umoyo Trust	Blantyre	Publication of a medical handbook	Oct 2007	3,000,000.00
Kasungu District Hospital	Kasungu	Purchase of furniture & equipment	Mar 2008	5,510,000.00
St Gabriel Hospital	Lilongwe	Purchase of mortuary equipment	Mar 2008	2,059,000.00
Zomba Central Hospital	Zomba	Purchase of medical equipment	Oct 2008	580,000.00
Beit Trust CURE International Hospital	Blantyre	Construction of a rehabilitation wing	Dec 2008	10,000,000.00
Lions Club of Blantyre	National	Purchase of stents for oesophageal cancer patients	Dec 2008	10,000,000.00
Nurses Council	National	Launch of website & policy documents	Mar 2009	300,000.00
<b>TOTAL</b>				<b>385,213,413.29</b>

## PROJECTS FUNDED IN THE SOCIAL WELFARE SECTOR

PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED
Malawi Union for the Blind	Blantyre		Nov 1997	838,000
Nkhatabay Water Project	Nkhata Bay	Supply of piped water	Jan 1998	457,296
Malawi Against Polio	National	Manufacture of mobility aids & appliances	Mar 1998	1,072,000
Cheshire Homes (Malawi)	Lilongwe	Construction of a therapy complex	Nov 1997	900,000
Malawi Council for the Handicapped	Blantyre	Purchase of weaving looms for Bangwe Weaving Factory	May 1998	1,885,506
Malawi Against Polio	National	Manufacture of mobility aids & appliances	Dec 1998	2,000,000
Sue Ryder Foundation	Blantyre	Purchase of a utility vehicle	May 1999	2,000,000
Evangelical Lutheran Development Programme	Dedza,Thyolo, Zomba,Dowa, Mzimba, Karonga	Sinking of boreholes	Jun 1999	1,250,000
Mchinji Mission Orphanage	Mchinji	Purchase of a maize mill	Jun 1999	780,000
Rumphi Piped Water Project	Rumphi	Supply of piped water	Jun 1999	5,460,000
Malawi Council for the Youth	National	Purchase of bicycles & megaphones	Oct 1999	1,000,000
City Assemblies	Blantyre, Lilongwe, Zomba	Construction of flea markets	Mar 2000	122,662,547
Kondanani Caring Hands	Blantyre	Purchase of a house for orphans	Aug 2000	4,000,000
Chingale Piped Water Project	Zomba	Supply of piped water	Oct 2000	7,000,000
Samaritan Trust	Blantyre	Purchase of vocational training equipment	Jan 2001	2,125,000
Malawi Against Polio	National	Manufacture of mobility aids & appliances	May 2001	6,000,000



CELOM	Zomba	Purchase of a maize mill	Jul 2001	180,000
Chilanga School for the Blind	Kasungu	Electricity supply	May 2002	100,000
Malawi Police Service				
HIV Awareness Campaign	Lilongwe	HIV/AIDS Awareness Campaign	Jul 2002	100,000
Chididi Orphan Care Committee	Neno	Purchase of a maize mill	Nov 2002	500,000
Vessel 'Edmund Rhoades'	Nkhata Bay	Repair & maintenance of a water vessel	Aug 2002	3,000,000
Malawi Against Physical Disabilities (MAP)	National	Manufacture of mobility aids & appliances	Dec 2003	6,000,000
Malawi Council for the Handicapped	Lilongwe	Purchase of equipment & training materials	Apr 2004	3,921,465
Interdenominational Pastoral Care Centre	Lilongwe	Construction of walkway	Apr 2004	381,443
Malawi Union for the Blind	Blantyre	Contribution towards a conference	Apr 2004	191,932
Ministry of Hope Crisis Nursery	Lilongwe	Purchase of cooking items for orphanage	Apr 2004	92,456
Malawi Union for the Blind	Blantyre	Production of braille information	Jul 2004	815,000
Malawi Council for the Handicapped	Blantyre	Provision of working capital for Bangwe Weaving Factory	Nov 2004	4,733,253
Feed The Children (Malawi)	Blantyre	Purchase of vocational training materials & resettlement kits	Jul 2005	6,272,766
Muloza Piped Water Scheme	Mulanje	Supply of piped water	Feb 2006	11,381,700
Samaritan Trust	Blantyre	Purchase of resettlement kits	Feb 2006	265,000
City Assemblies	Blantyre, Lilongwe, Mzuzu	Construction of flea markets	Sep 2006	99,695,997
Ministry of Disabilities & the Elderly	National	Purchase of blankets for the elderly	Sep 2006	500,000
Mngwere Piped Water Scheme	Dedza	Supply of piped water	Sep 2006	32,136,788
Kondanani Caring Hands	Blantyre	Construction of a house for children	Jul 2007	13,272,874
Tikoliwe Gravity-fed Water Supply Scheme	Mchinji	Supply of piped water	Jun 2008	32,303,804
Nsiyaludzu School of the Blind	Balaka	Electricity supply		198,000
<b>TOTAL</b>				<b>375,472,826</b>

## PROJECTS FUNDED IN THE HOUSING SECTOR

PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED
Malawi Army	National	Construction of houses for officers & men	Nov 1997	4,000,000
Village Housing Scheme	Ntcheu,Zomba, Machinga, Chiradzulu	Construction low cost village houses	Jul 2002	6,000,000
<b>TOTAL</b>				<b>10,000,000</b>



## PROJECTS FUNDED IN THE SCIENTIFIC RESEARCH SECTOR

PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED
Malawi Industrial Research Department of Mines	National	Funding for research programmes	Nov 1997	1,544,000
	National	Exhibition of mineral resources found in Malawi	Jun 2000	1,740,000
<b>TOTAL</b>				<b>3,284,000</b>

## PROJECTS FUNDED IN THE ENVIRONMENTAL CONSERVATION SECTOR

PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED
Michiru Nature Sanctuary / WESM Department of Forestry	Blantyre	Construction of houses for patrol men	Jul 2005	13,347,834
	Dowa, Blantyre	Reafforestation programme	Oct 2007	5,000,000
Department of Forestry	Mwanza & Ntcheu	Reafforestation programme	Mar 2008	7,000,000
Department of Forestry	Balaka & Machinga	Reafforestation programme	Mar 2008	9,000,000
<b>TOTAL</b>				<b>34,347,834</b>

## PROJECTS FUNDED IN THE SPORTS AND CULTURE SECTOR

PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED
Ministry of Education, Sports and Culture	National	Sports development programme	Aug 1999	45,000,000
Amateur Athletics Association of Malawi	National	Hosting the SADC Cross-country Championships	Mar 2001	1,900,000
Late Dr Banda's Mausoleum Cultural Museum Centre Karonga	Lilongwe	Contribution towards initial design costs	May 2001	3,461,336
	Karonga	Shipping the remains of the dinosaur from USA	Jul 8,2002	1,200,000
Malawi Army	National	Contribution towards centenary celebrations	Oct 4,2002	375,000
Lilongwe Sisters Netball Club	Lilongwe	Purchase of netball uniform	Feb 5, 2004	150,000
Amateur Athletics Association of Malawi	National	Sponsorship of athletes	Mar 24, 2004	418,394
SADC Parliamentary Reseachers Workshop	Lilongwe	Contribution towards hosting the workshop	Mar 24, 2004	230,463
Museums of Malawi	National	Erection of shelters over-open air exhibits	Mar 24, 2004	1,000,000
Late Dr Banda's Mausoleum	Lilongwe	Contribution towards erecting a fence	Mar 24, 2004	749,383
Malawi Law Society	Blantyre	Contribution towards the annual conference	Nov 18, 2004	280,500



Malawi Institute of Education	Zomba	Construction of an educational museum	Feb 2005	9,370,792
Football Association of Malawi	National	Sponsorship of the FAM Cup	Jul 2005	6,000,000
National Women's Football	National	Participation in the COSAFA Tournament	Nov 2005	1,422,200
Ministry of Agriculture / ECAM	National	Contribution towards a workshop on food security	Sep 2006	3,159,000
			Sep 2006	5,131,712
Hockey Association of Malawi National Assembly	National	Purchase of hockey equipment	Sep 2006	
	National	Contribution towards hosting a SADC conference	Oct 2008	500,000
Chewa Royal Establishment	National	Contribution towards Kulamba Traditional Ceremony	Oct 2008	500,000
			Oct 2008	198,000
Malawi Television	National	Coverage of Kulamba Traditional Ceremony	Oct 2008	500,000
Mulhakho wa Alhomwe	National	Contribution towards a traditional ceremony	Oct 2008	
Ministry of Sports & Youth Development	National	Sponsorship for 'the Flames'	Dec 2008	11,256,000
<b>TOTAL</b>				<b>92,802,781</b>

## PROJECTS FUNDED IN THE DISASTER RELIEF SECTOR

PROJECT NAME	DISTRICT	PROJECT DESCRIPTION	DATE APPROVED	AMOUNT APPROVED
Karonga Drought Disaster	Karonga	Provision of relief items	Aug 1997	500,000
Phalombe Floods Disaster	Phalombe	Provision of relief items for flood victims	Feb 1998	300,000
Nkhotakota Floods Disaster	Nkhotakota	Provision of relief items for flood victims	Jan 1998	400,000
Karonga Floods Disaster	Karonga	Provision of relief items for flood victims	Jan 1998	300,000
Lower Shire Floods Disaster	Chikwawa, Nsanje	Provision of relief items for flood victims	Dec 1999	1,105,897
	Machinga		Feb 1998	500,000
Machinga Floods Disaster	Machinga	Provision of relief items for flood victims	Feb 1998	
1999 Floods Disasters	Nkhata Bay, Nsanje,Mchinji, Zomba	Provision of relief items for flood victims	May 1999	6,500,000
	Machinga, Mangochi, Salima & Mchinji		Apr 2001	7,000,000
2001 Flood Disasters				
Winter Cropping	Dowa, Lilongwe, Mangochi, Ntcheu, Karonga, Salima & Nkhata Bay	Purcahse of farm inputs & relief items	Jul 2002	5,000,000
	National		Feb 2006	3,100,000
Disaster Relief Fund		Emergency fund		
<b>TOTAL</b>				<b>24,705,897</b>



*The entrance foyer area in Ryall's Hotel. The hotel, managed for the owning company by Protea Hotels, is regarded now as the premier choice for businessmen and women visiting the nation's commercial capital*



## Consolidated Financial Statements for the Year Ended 31 March 2009



# REPORT OF THE TRUSTEES

For the Year Ended 31 March 2009



The Trustees have pleasure in presenting the audited consolidated financial statements for the year ended 31 March 2009 and report thereon as follows:

## **INCOME STATEMENT**

The Trustees report a consolidated surplus of MK132 million (2008: deficit of MK974 million) for the year.

## **SUBSIDIARIES**

Details of investments in subsidiaries at 31 March 2009 are shown in note 17 on page 78.

## **RESERVES**

Details of the reserves of the Trust are shown in the statement of changes in equity on page 52 and 53.

## **TRUSTEES**

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

Dr George Kayambo (Chairman)  
Mr Chris Barrow  
The Hon. Prof. Peter N Mwanza, MP  
Mr Ben Chidyaonga  
Mr Tony Kandiero  
Mrs Nancy G Tembo  
Mrs Esther Chioko

## **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 balance sheet date and their results for the period then ended and otherwise comply with the requirements of the Trustees Incorporation 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.

## **TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS (CONTINUED)**

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, subject to any material departures being disclosed and explained in the 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 2009.

Dr George Kayambo  
TRUSTEE

Mrs Esther Chioko  
TRUSTEE



# REPORT OF THE INDEPENDENT AUDITORS



**Deloitte.**

P.O Box 187  
Blantyre  
Malawi

Public Accountants  
First Floor  
INDEbank House  
Kaohsiung Road

Tel : +265 (0)1 822 277  
+265 (0)1 820 506  
Fax : +265 (0)1 821 229  
Email : btdeloitte@deloitte.co.mw

## REPORT OF THE INDEPENDENT AUDITORS TO THE BOARD OF TRUSTEES OF PRESS TRUST

We have audited the consolidated financial statements of Press Trust and its subsidiary as set out on pages 50 to 88 which comprise the balance sheets as at 31 March 2009, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except as discussed below, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### NON-COMPLIANCE WITH IAS 27

The Trust has a controlling interest of 93% in Press Agriculture Limited but this subsidiary has not been consolidated, contrary to the requirements of International Accounting Standard 27, Consolidated Financial Statements and Accounting for Investments in Subsidiaries. As disclosed in note 4 to the financial statements, a consolidation based on the unaudited financial statements for Press Agriculture Limited as at 30 September 2008 would have resulted in group profit for the year of MK364 million (2008: loss of MK887 billion) and an increase in the assets of the group to MK14 billion (2008: MK19 billion). The entity's financial statements carry the investment in Press Agriculture Limited at nil due to permanent diminution in value.

### OPINION

In our opinion, except for the effects of such adjustments as might have been determined to be necessary had the results of Press Agriculture Limited been consolidated, the financial statements, which are properly drawn up in accordance with the provisions of the Trustees Incorporation Act of 1962, give a true and fair view of the financial position of Press Trust as of 31 March 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Deloitte*

Public Accountants  
Lilongwe, Malawi  
26 June 2009

**Audit • Tax • Consulting • Financial Advisory •**

Resident Partners: N.T Uka J.S. Melrose C.M. Lovatt L.L. Katandula V.W. Beza

A member firm of  
Deloitte Touche Tohmatsu

# INCOME STATEMENTS

For the Year Ended 31 March 2009

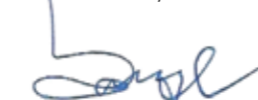
Notes	TRUST		GROUP	
	2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
<b>INCOME</b>				
Dividends receivable	6 326,776	291,238	327,710	316,893
Interest receivable	7 39,625	30,394	76,529	41,154
Other income	8 156,683	70,969	155,898	87,924
Total income	523,084	392,601	560,137	445,971
<b>OPERATING EXPENDITURE</b>				
Administration expenditure	(215,565)	(165,667)	(220,729)	(218,133)
<b>EXCESS OF INCOME OVER OPERATING EXPENDITURE</b>	307,519	226,934	339,408	227,838
Increase in provision for doubtful loans receivables	9 (9,064)	(358,589)	(9,064)	(1,186,527)
Impairment of staff and other receivables	(4,087)	(6,812)	(4,087)	(6,812)
Reversal of loan receivable provision	9 -	34,822	-	34,822
Realised profit on sale of equities	10 -	-	-	103,669
<b>SURPLUS/(DEFICIT) BEFORE CHARITABLE EXPENDITURE</b>	11 294,368	(103,645)	326,257	(827,010)
<b>CHARITABLE EXPENDITURE</b>				
Project funding approvals	12 (152,395)	(145,451)	(152,395)	(145,451)
Completed/(discontinued) Projects overprovision	12 (2,418)	2,366	(2,418)	2,366
Donations	13 (7,254)	(3,771)	(7,254)	(3,771)
Total charitable expenditure	(162,067)	(146,856)	(162,067)	(146,856)
<b>SURPLUS/(DEFICIT) FOR THE YEAR TRANSFERRED TO GENERAL FUND</b>	132,301	(250,501)	164,190	(973,866)

# BALANCE SHEETS

31 March 2009

Notes	TRUST		GROUP	
	2009 MK'000	2008 MK'000 Restated	2009 MK'000	2008 MK'000 Restated
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	14 77,992	56,423	77,992	56,423
Listed equity investments	15 8,673,465	12,816,226	9,142,686	13,378,576
Unlisted equity investments	16 336,753	432,128	336,753	432,128
Press Trust Overseas Limited	17 506,156	884,306	-	-
Total non-current assets	9,594,366	14,189,083	9,557,431	13,867,127
<b>CURRENT ASSETS</b>				
Receivables and prepayments	18 38,917	55,567	74,855	55,567
Bank balances and cash	19 188,297	162,357	225,958	392,539
Funds held by brokers	-	-	47	95,603
Assets classified as held for sale	20 -	10,765	-	10,765
Total current assets	227,214	228,689	300,860	554,474
<b>TOTAL ASSETS</b>	9,821,580	14,417,772	9,858,291	14,421,601
<b>RESERVES AND LIABILITIES</b>				
<b>RESERVES</b>				
Non-distributable reserves				
Fair value reserve on listed investments	8,033,788	12,202,324	7,668,463	12,211,103
Fair value reserve on unlisted investments	12,980	12,980	12,980	12,980
Fair value reserve on foreign investment	310,614	688,764	-	-
Property revaluation reserve	16,276	23,126	16,276	23,126
Total non-distributable reserves	8,373,658	12,927,194	7,697,719	12,247,209
Surplus on General fund	1,219,426	932,681	1,931,300	1,612,666
Total reserves (page 52 to 53)	9,593,084	13,859,875	9,629,019	13,859,875
<b>NON-CURRENT LIABILITIES</b>				
Post employment benefit obligations	21 37,768	26,816	37,768	26,816
Total non-current liabilities	37,768	26,816	37,768	26,816
<b>CURRENT LIABILITIES</b>				
Accounts payable	22 36,385	34,158	37,161	37,987
Short-term loan	23 -	337,925	-	337,925
Project funding	12 154,343	158,998	154,343	158,998
Total current liabilities	190,728	531,081	191,504	534,910
<b>TOTAL RESERVES AND LIABILITIES</b>	9,821,580	14,417,772	9,858,291	14,421,601

The financial statements were authorised for issue by the Board of Trustees on 26 June 2009 and are signed on their behalf by:

  
Dr George Kayambo  
TRUSTEE

  
Mrs Esther Chioko  
TRUSTEE



# STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 March 2009

	Fair value reserve on listed investments MK'000	Fair value reserve on unlisted investments MK'000	Fair value reserve on foreign investments MK'000	Property revaluation reserve MK'000	Deficit on general fund MK'000	Total MK'000
<b>TRUST</b>						
<b>For the year ended 31 March 2008</b>						
At beginning of the year as previously reported	8,647,551	12,980	1,403,350	23,126	(242,275)	9,844,732
Prior year adjustment	(1,425,457)	-	-	-	1,425,457	-
At the beginning of the year as restated	7,222,094	12,980	1,403,350	23,126	1,183,182	9,844,732
Deficit for the year	-	-	-	-	(250,501)	(250,501)
Fair value surplus/(deficit) (Note 15 and 17)	4,980,230	-	(723,848)	-	-	4,256,382
Translation gain (Note 17)	-	-	9,262	-	-	9,262
At end of the year as restated	12,202,324	12,980	688,764	23,126	932,681	13,859,875
<b>For the year ended 31 March 2009</b>						
At beginning of the year	12,202,324	12,980	688,764	23,126	932,681	13,859,875
Surplus for the year	-	-	-	-	132,301	132,301
Revaluation surplus released to general fund	-	-	-	(6,850)	6,850	-
Realised gain on sale of listed equity (147,594)	-	-	-	147,594	-	-
Fair value deficit (Note 15 and 17)	(4,020,942)	-	(377,357)	-	-	(4,398,299)
Translation gain (Note 17)	-	-	(793)	-	-	(793)
At end of the year	8,033,788	12,980	310,614	16,276	1,219,426	9,593,084



# STATEMENTS OF CHANGES IN EQUITY

(continued)

For the Year Ended 31 March 2009

	Fair value reserve on listed investments MK'000	Fair value reserve on unlisted investments MK'000	Property revaluation reserve MK'000	Surplus on general fund MK'000	Total MK'000
<b>GROUP</b>					
<b>For the year ended 31 March 2008</b>					
At beginning of the year as previously reported	9,698,833	12,980	23,126	109,793	9,844,732
Prior year fair value adjustment	(1,425,457)	-	-	1,425,457	-
At the beginning of the year as restated	8,273,376	12,980	23,126	1,535,250	9,844,732
Deficit for the year	-	-	-	(973,866)	(973,866)
Released gains on sale of equity	(1,051,282)	-	-	1,051,282	-
Fair value surplus (Note 15)	4,989,009	-	-	-	4,989,009
At end of the year as restated	12,211,103	12,980	23,126	1,612,666	13,859,875
<b>For the year ended 31 March 2009</b>					
At beginning of the year	12,211,103	12,980	23,126	1,612,666	13,859,875
Surplus for the year	-	-	-	164,190	164,190
Revaluation surplus released to general fund	-	-	(6,850)	6,850	-
Released gains on sale of equity	(147,594)	-	-	147,594	-
Fair value deficit (Note 15)	(4,395,046)	-	-	-	(4,395,046)
At end of the year	7,668,463	12,980	16,276	1,931,300	9,629,019

## NOTE

The prior year adjustment relates to realised fair value reserve on listed investments disposed of in prior years but not transferred from the fair value reserve to the general fund in error.



# CASH FLOW STATEMENTS

31 March 2009

	TRUST		GROUP	
	2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Surplus/(deficit) for the year before charitable expenditure	294,368	(103,645)	326,257	(827,010)
Adjustments for:-				
- Depreciation	13,201	10,805	13,201	10,805
- Dividends receivable	(326,776)	(291,238)	(327,710)	(316,893)
- Interest receivable	(39,625)	(30,394)	(76,529)	(41,154)
- Profit on disposal of property, plant and equipment (4,745)	(56)	(4,745)	(56)	-
- Profit on disposal of investments	(112,061)	-	(112,061)	-
- Impairment of investment	39,404	-	39,404	-
Provision for doubtful loans and other receivables	13,151	358,589	13,151	1,186,527
Reversal of loan provision	-	(34,822)	-	(34,822)
Unrealised exchange -gain on foreign currency loan	-	(1,831)	-	(1,831)
Realised profits on sale of equities	-	-	-	(103,669)
Project funding disbursements	(159,467)	(157,296)	(159,467)	(157,296)
Donations made	(7,254)	(3,771)	(7,254)	(3,771)
<b>CASH ABSORBED BY OPERATING ACTIVITIES BEFORE CHANGES IN NET OPERATING ASSETS</b>	<b>(289,804)</b>	<b>(253,659)</b>	<b>(295,753)</b>	<b>(289,170)</b>
Movement in post employment benefit obligations	10,952	15,910	10,952	15,910
Movement in receivables and prepayments	2,633	4,318	(33,305)	4,318
Movement in accounts payable	2,227	11,705	(826)	13,542
<b>NET CASH ABSORBED BY OPERATING ACTIVITIES</b>	<b>(273,992)</b>	<b>(221,726)</b>	<b>(318,932)</b>	<b>(255,400)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(34,917)	(10,471)	(34,917)	(10,471)
Purchase of equity investments	(281,268)	(10,554)	(562,243)	(625,173)
(Decrease)/increase in short-term loans	(337,925)	337,925	(337,925)	337,925
Loans repaid and interest capitalised	-	(337,925)	-	(1,165,863)
Proceeds on disposal of equity investments	571,117	10,306	571,117	10,306
Recoveries from loans advanced	-	38,619	-	38,619
Dividends received	340,793	285,832	341,727	311,487
Interest received	26,482	11,561	63,386	22,321
Proceeds on disposal of foreign equity investment	-	-	-	1,600,209
Proceeds on disposal of property, plant and equipment	15,650	319	15,650	319
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>299,932</b>	<b>325,612</b>	<b>56,795</b>	<b>519,679</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>25,940</b>	<b>103,886</b>	<b>(262,137)</b>	<b>264,279</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>162,357</b>	<b>58,471</b>	<b>488,142</b>	<b>223,863</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>188,297</b>	<b>162,357</b>	<b>226,005</b>	<b>488,142</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2009

## 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 original trust deed dated 10 February 1982 was revised by the Press Trust Reconstruction Act, 1995. 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, Lilongwe 3. The Trust has 14 (2008: 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 Jersey, Channel Islands, British Isles. Its investments are managed by IMARA Asset Management (Zimbabwe) (Pvt) Limited.

### 1.2 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 per cent 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 MK308m and for the five-year period ended 31 March 2009, 66% of the Trust's income amounted to MK1.09bn. For the current year, MK160m was distributed and for the five-year period ended 31 March 2009 a total of MK772m was distributed. The distributions for the five-year period ended 31 March 2009 were above the minimum level as set out in clause 3(c) and the distributions for the year ended 31 March 2009 were also above the minimum levels as set in clause 3(b).

Press Trust Reconstruction (Amendment) Bill, 2003, which was approved by Cabinet and gazetted on 18 November 2003, includes clauses which address the issues highlighted above. It awaits parliamentary approval before it comes into force.

### 1.3 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:-

- 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;



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 1. NATURE OF THE TRUST (CONTINUED)

### 1.3 LIMITATIONS ON INVESTMENTS (CONTINUED)

- 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

In the current year, the Trust has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 April 2008. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Trust's accounting policies.

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

- IFRS 8 Operating Segments introduces the "management approach" to segment reporting and is effective for periods beginning on or after 1 January 2009;
- Revised IAS 23 Borrowing Costs removes the option to immediately expense borrowing costs and requires that an entity to capitalise borrowing costs on qualifying assets is effective for financial statements for periods beginning 1 January 2009;
- IFRIC 13 Consumer Loyalty Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. The IFRIC becomes mandatory for financial statements for periods beginning on or after 1 July 2008;
- IAS 39 & IFRS 7 Reclassification of Financial Assets Effective for annual periods beginning on or after 1 July 2008;
- IAS 1 (Revised 2007) Presentation of Financial Statements. Effective for annual periods beginning on or after 1 January 2009;

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

- IAS 27 Consolidated and Separate Financial Statements. Effective for annual periods beginning on or after 1 July 2009; and
- IFRIC 17 Distributions of Non-cash Assets to Owners There have been new interpretations to this standard which will become effective for annual periods beginning on or after 1 July 2009.

The Trustees anticipate that other than IAS 1 and IAS 27, these Standards and Interpretations in future periods will have no material impact on the financial statements of the Trust. IAS 1 will impact the disclosure and presentation of these financial statements while IAS 27 will have an impact on consolidation of the Trust's financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards except for International Accounting Standard 27, consolidated financial statements and accounting for investments in subsidiaries.

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 Trust, which are set out below, have been consistently followed in all material respects except as noted in note 3.1.

### 3.1 CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Trust and of its subsidiary, Press Trust Overseas Limited. The results of the subsidiary are included from the effective date of incorporation and, where applicable, up to the effective date of disposal.

The assets and liabilities of the subsidiary are translated at the closing rate. Income and expense items of the subsidiary are translated at an annual average rate. All exchange differences arising are transferred to equity until the disposal of the net investment.

The Trust has a controlling interest (93%) in Press Agriculture Limited but this has not been consolidated (see note 4).

### 3.2 SUBSIDIARY INVESTMENT AND ASSOCIATES

Investments held in subsidiary and associate companies are accounted for at fair value (See note 3.5).

### 3.4 FOREIGN CURRENCY TRANSLATION

The results and financial position of the Trust are expressed in Malawi Kwacha, which is the functional currency of the Trust and the presentation currency for the financial statements.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlements of monetary items, and on the retranslation of monetary items, are included in the income statement for the period.





# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 FINANCIAL ASSETS

Investments are recognised and derecognised on 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, plus transaction costs. Financial assets are classified into the following specified categories: '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.

#### 3.5.1 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.

#### 3.5.2 HELD TO MATURITY INVESTMENTS

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Trust has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

#### 3.5.3 AFS FINANCIAL ASSETS

Unlisted shares and listed shares held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Fair value on unlisted shares is determined at the trustees valuation on a net asset method. Fair value on listed shares is determined using share market prices at balance sheet date. Gains and losses arising from changes in fair value are recognised directly in equity in the fair value 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 recognised in the investments revaluation reserve is included in the income statement for the period.

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 balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in the income statement, and other changes are recognised in equity.

#### 3.5.4 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 when the recognition of interest would be immaterial.

#### 3.5.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

### 3.5.6 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.

### 3.5.7 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.

### 3.5.8 FINANCIAL LIABILITIES

Financial liabilities are classified as other financial liabilities'.

### 3.5.9 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.

## 3.6 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.

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.

## 3.7 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 balance sheet date.



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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. The excess of depreciation based on the revalued carrying amount of the asset over depreciation based on the asset's original cost is transferred to the general fund annually.

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 years

### 3.8 DIVIDEND INCOME

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

### 3.9 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 Trust.

### 3.10 RETIREMENT BENEFIT COSTS

The Trust 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.

### 3.11 PROJECT EXPENDITURE

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

### 3.12 PROVISIONS

Provisions are recognised when the Trust has a present obligation (legal or constructing) as a result of a past event, it is probable that the Trust 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 balance sheet date, 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 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.



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 4. PRESS AGRICULTURE LIMITED NOT CONSOLIDATED

Press Agriculture Limited's financial year-end is 30 September, following agricultural season for the crops that they grow. The last financial statements reported on are for the year ended 30 September 2005. As such Press Trust has not consolidated its results on the financial statements as at 31 March 2009 because of different reporting dates which are six months apart, contrary to IAS 27 which require that financial statements being consolidated should be within three months period. The subsidiary financial statements have not been prepared for the six months to 31 March 2009.

Press Trust Group financial statements summary including unaudited results and balances of Press Agriculture Limited and its subsidiaries as at 30 September 2008 (2007: as at 30 April 2008) are produced below.

	2009 MK'000	2008 MK'000
<b>INCOME STATEMENT</b>		
Income	2,357,187	436,647
Cost of sales	(913,794)	(664,285)
Operating expenditure	(917,268)	(643,974)
Surplus/(deficit) of income over operating expenses	526,125	(871,612)
Reversal of loan provision	-	34,822
Provision for doubtful debts	(14)	(6,812)
(Loss)/gain on sale of investments	(377)	103,669
Surplus/(deficit) before charitable expenditure and tax	525,734	(739,933)
Charitable expenditure	(167,067)	(146,856)
Taxation	(39)	(352)
Surplus/(deficit) for the year	363,628	(887,141)
<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
Property, plant and equipment	3,488,210	4,029,570
Investments	9,479,559	14,267,008
Short-term receivables	64,421	69,037
Inventory	355,415	151,685
Cash and cash equivalents	412,642	476,143
Assets classified as held for sale	-	10,765
Total assets	13,800,247	19,004,208
<b>EQUITY AND LIABILITIES</b>		
Reserves	12,508,747	16,201,427
Long-term loan	696,107	1,004,734
Other payables	441,050	1,639,049
Project funding accruals	154,343	158,998
Total equity and liabilities	13,800,247	19,004,208



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### 5.1 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.

### 5.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumption concerning the future, and key sources of estimation uncertainty at the balance sheet 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.

#### 5.2.1 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Trust 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 (Revised) Property, Plant and Equipment.

Assessment of the residual value for property, plant and equipment was carried out by management.

#### 5.2.2 SEVERANCE ALLOWANCE PROVISION

In terms of the current interpretation by the courts of the employment Act, severance pay is payable in full to employees on termination of employment by mutual agreement, death, retirement, voluntary retirement, retrenchment or redundancy without allowing any set off of employer's pension scheme contributions against severance allowance due.

In preparing the financial statements, the Trustees have considered the matter and have prepared these financial statements on the basis of the existing interpretation of the law. The key assumptions underlying the computation of severance allowance provision were dismissal and resignation rate, retirement age, discount factor and wage inflation.

## 6. DIVIDENDS RECEIVABLE

		TRUST		GROUP	
		2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
Listed equity investments (note 15)	- Local	307,917	251,511	307,917	251,511
	- External	3,656	11,458	4,590	37,113
Unlisted equity investments (note 16)		15,203	28,269	15,203	28,269
Total dividends receivable		326,776	291,238	327,710	316,893

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 7. INTEREST RECEIVABLE

		TRUST		GROUP	
		2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
<b>Loan interest</b>					
Press Agriculture Limited		28,398	18,833	64,326	18,833
Share ownership scheme		642	1,035	642	1,035
Staff loans		2,669	2,744	2,669	2,744
Total loan interest		31,709	22,612	67,637	22,612
<b>Other interest</b>					
Short-term bank deposits		7,916	7,782	8,892	18,542
Total other interest		7,916	7,782	8,892	18,542
Total interest receivable		39,625	30,394	76,529	41,154

## 8. OTHER INCOME

		TRUST		GROUP	
		2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
Exchange gains		699	1,826	699	1,956
Sundry income		151,239	69,087	150,454	85,912
Profit on disposal of plant and equipment		4,745	56	4,745	56
Total other income		156,683	70,969	155,898	87,924





# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 9. LONG-TERM LOANS (TRUST)

For the year ended 31 March 2008

	Blantyre Hotels Limited MK'000	Press Agriculture Limited MK'000	Namiwawa Hotels Limited MK'000	Total MK'000
At the beginning of the year	3,797	375,542	34,822	414,161
Advanced during the year	-	337,925	-	337,925
Repaid during the year	(3,797)	-	(34,822)	(38,619)
Unrealised exchange gain	-	1,831	-	1,831
Accrued interest	-	18,833	-	18,833
Total loans	-	734,131	-	734,131
Provision for doubtful debts	-	(734,131)	-	(734,131)
At the end of the year	-	-	-	-
<b>Maturity Profile</b>				
Receivable after 1 year	-	734,131	-	734,131

For the year ended 31 March 2009

	Press Agriculture Limited MK'000
At the beginning of the year	734,131
Interest Receipts	(20,000)
Accrued interest	29,064
Total loans	743,195
Provision for doubtful debts	(743,195)
At the end of the year	-
<b>Maturity Profile</b>	
Receivable within 1 year	30,000
Receivable after 1 year	713,195
	743,195



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 9. LONG-TERM LOANS (GROUP)

For the year ended 31 March 2008

	Blantyre Hotels Limited MK'000	Press Agriculture Limited MK'000	Namiwawa Hotels Limited MK'000	Total MK'000
At the beginning of the year	3,797	375,542	34,822	414,161
Advanced during the year	-	1,165,863	-	1,165,863
Repaid during the year	(3,797)	-	(34,822)	(38,619)
Unrealised exchange gain	-	1,831	-	1,831
Accrued interest	-	18,833	-	18,833
Total loans	-	1,562,069	-	1,562,069
Provision for doubtful debts	-	(1,562,069)	-	(1,562,069)
At the end of the year	-	-	-	-
<b>Maturity Profile</b>				
Receivable after 1 year	-	1,562,069	-	1,562,069

For the year ended 31 March 2009

	Press Agriculture Limited MK'000
At the beginning of the year	1,562,069
Interest Receipts	(20,000)
Accrued interest	64,993
Total loans	1,607,062
Provision for doubtful debts	(1,607,062)
At the end of the year	-
<b>Maturity Profile</b>	
Receivable within 1 year	30,000
Receivable after 1 year	1,577,062
	1,607,062



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 9. LONG-TERM LOANS (TRUST AND GROUP) (CONTINUED)

### Movement in Long-Term Loans Provision (Trust)

	Press Agriculture Limited MK'000	2009 MK'000	Total 2008 MK'000
At the beginning of the year	734,131	734,131	410,364
Write back of loan provision	-	-	(34,822)
Additional provision	9,064	9,064	358,589
At the end of the year	743,195	743,195	734,131

### Movement in long-term loans provision (Group)

	Press Agriculture Limited MK'000	2009 MK'000	Total 2008 MK'000
At the beginning of the year	1,562,069	1,562,069	410,364
Write back of loan provision	-	-	(34,822)
Additional provision	44,993	44,993	1,186,527
At the end of the year	1,607,062	1,607,062	1,562,069

The Press Agriculture Limited loan is denominated in US Dollars and bears interest at 1.5% above LIBOR and is repayable within 20 semi-annual instalments. The long-term loan is secured over the lease rentals from Press Farming Limited's estates. On 16 June 2006, the Trustees resolved to convert USD2.3m of the loan into equity shares of Press Agriculture Limited in favour of Press Trust. As at year end the conversion has not been effected.

Additional loan amounting to MK338 million and MK828 million was advanced by the Trust and its subsidiary Press Trust Overseas Limited respectively to Press Agriculture Limited in the previous year as a loan to enable it repay its indebtedness to Limbe Leaf Tobacco Company Limited that had fallen due and Press Trust had become liable as a guarantor.

The carrying amounts of the total loans advanced to Press Agriculture Limited have been written down to nil due to significant financial difficulties affecting the entity. The status has not changed as at 31 March 2009 and the Trustees have maintained full provisions against the principal and accrued interest on the loan.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 10. REALISED (LOSS)/PROFIT ON SALE OF EQUITY INVESTMENTS

	TRUST		GROUP	
	2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
Investments held by PTOL	-	-	-	103,699

## 11. SURPLUS/(DEFICIT) BEFORE CHARITABLE EXPENDITURE

Surplus/(deficit)/ before charitable expenditure is arrived at after taking into account:-

	TRUST		GROUP	
	2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
Staff costs	73,428	65,633	73,428	65,633
Depreciation	13,201	10,805	13,201	10,805
Trustees' expenses	12,054	7,855	12,054	7,855
Gratuity	5,836	4,760	5,836	4,760
Auditor's remuneration - current year	5,081	4,700	5,777	5,395
- prior year	-	1,042	-	1,042
Legal fees	988	5,662	988	5,662
Pension contribution	986	744	986	744
Management fees	-	-	3,093	12,521





# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 12. PROJECT FUNDING (TRUST AND GROUP)

For the year ended 31 March 2008

	Brought forward from 2008 MK'000	Disbursement 2008 MK'000	Approvals disbursed MK'000	Completed Projects MK'000	Carried forward to 2009 MK'000
Army Secondary School	(444)	-	-	444	-
Blantyre Flea Market	(462)	-	-	-	(462)
Bunda College	20,711	9,366	-	-	11,345
Chancellor College	(173)	-	-	173	-
Chilumba Health Centre	13,483	14,516	-	-	(1,033)
Chizolowondo Health Centre	(1,092)	-	-	1,092	-
Department of Forestry	-	5,000	12,000	-	7,000
Feed the Children	33	-	-	(33)	-
Hockey Association	5,100	5,078	-	(22)	-
Kachere Primary School	-	2,277	4,500	-	2,223
Kalimanjira Health Centre	-	-	28,500	-	28,500
Kamuzu Banda Mausoleum	2,745	-	-	(2,745)	-
Kasina Health Centre	120	-	-	(120)	-
Kasungu District Hospital	-	-	5,510	-	5,510
Kondanani Caring Hands	-	-	13,000	-	13,000
Lilongwe Flea Market	32,222	-	-	-	32,222
Limbe Flea Market	33,232	33,412	-	-	(180)
Lura Health Centre	(2,220)	10,564	12,670	-	(114)
MACOHA	29	-	-	(29)	-
MACOHA Lilongwe	1,012	-	-	-	1,012
Malawi Against Polio	6,000	2,076	-	-	3,924
Malawi Blood Transfusion	1,883	-	-	-	1,883
Malawi Institute of Education	(396)	-	-	396	-
Malawi Union of the Blind	907	-	-	(907)	-
Malukula Health Centre	12,072	29,976	-	-	(17,904)
Manolo Health Centre	-	-	28,500	-	28,500
Ministry of Education	-	-	5,432	-	5,432
Ministry of Agriculture	1,354	-	-	(1,354)	-
Mngwere Gravity fed piped Scheme	12,907	-	-	-	12,907
Mphuka Health Centre	6,351	17,153	11,513	-	711
Mua Hospital	11	-	-	(11)	-
Muloza Gravity Water Piped	(401)	852	-	1,254	1



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 12. PROJECT FUNDING (TRUST AND GROUP) (CONTINUED)

For the year ended 31 March 2008 (continued)

	Brought forward from 2008 MK'000	Disbursement 2008 MK'000	Approvals disbursed MK'000	Completed Projects MK'000	Carried forward to 2009 MK'000
Mzambazi Rural Hospital	-	3,441	3,707	-	266
Mzuzu Flea Market	32,991	-	-	-	32,991
Mzuzu Technical College	(1,698)	4,175	4,929	-	(944)
Nambianje Health Centre	(1,914)	12,638	-	-	(14,552)
Nasawa Technical College	315	-	-	(315)	-
Nsiyaludzu School for the Blind	-	88	88	-	-
Phokera Health Centre	(10,043)	760	10,043	760	-
Polytechnic	887	(764)	-	-	1,651
Salima Technical College	609	-	-	(609)	-
Samaritan Trust	8	-	-	(8)	-
Social Islamic Development	1,615	1,615	-	-	-
Society of Malawi	1,500	1,450	-	-	50
St Gabriel Hospital	-	-	2,059	-	2,059
Umoyo Trust	-	-	3,000	-	3,000
University of Livingstonia	568	801	-	233	-
Wildlife Environmental Society of Malawi	2,822	2,822	-	-	-
Zomba Flea Market	565	-	-	(565)	-
Total	173,209	157,296	145,451	(2,366)	158,998



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 12. PROJECT FUNDING (TRUST AND GROUP) (CONTINUED)

For the year ended 31 March 2009

	Brought forward 2008 MK'000	Disbursement 2009 MK'000	Approvals disbursed MK'000	Completed Projects MK'000	Carried forward to 2010 MK'000
Beit Trust Cure Hospital	-	-	10,000	-	10,000
Blantyre Flea Market	(462)	-	462	-	-
Blantyre Girls Primary School	-	-	3,373	-	3,373
Bunda College	11,345	11,501	15,000	-	14,844
Chilumba Health Centre	(1,033)	1,976	2,109	900	-
Department of Forestry	7,000	7,000	9,000	-	9,000
Football Association of Malawi	-	11,153	11,256	(103)	-
Gravity-fed Water Projects	-	1,689	2,815	-	1,126
Kachere Primary School	2,223	1,665	150	-	708
Kalimanjira Health Centre	28,500	-	-	-	28,500
Kasungu District Hospital	5,510	5,707	-	197	-
Kondanani Caring Hands	13,000	11,715	95	-	1,380
Lilongwe Flea Market	32,222	32,222	-	-	-
Limbe Flea Market	(180)	1,538	-	1,718	-
Lions Club of Blantyre	-	-	10,000	-	10,000
Lura Health Centre	(114)	2,980	3,094	-	-
MACOHA Bangwe	-	34	34	-	-
MACOHA Lilongwe	1,012	-	-	-	1,012
Malawi Against Polio	3,924	3,457	-	-	467
Malawi Blood Transfusion	1,883	1,800	-	(83)	-
Malawi Polytechnic	1,651	1,643	-	(8)	-
Malukula Health Centre	(17,904)	4,657	22,078	-	(483)
Manolo Health Centre	28,500	-	-	-	28,500
M'binzi Primary School	-	-	5,500	-	5,500
Ministry of Education	5,432	986	-	-	4,446
Mngwere Gravity-fed Piped Scheme	12,907	30,924	19,465	-	1,448
Mphuka Health Centre	711	4,220	3,198	-	(311)
Muloza Gravity Water Piped Scheme	1	-	-	-	1
Mzambazi Rural Hospital	266	79	-	(187)	-
Mzuzu Flea Market	32,991	2,313	56	-	30,734
Mzuzu Technical College	(944)	1,795	3,339	-	600
Nambilanje Health Centre	(14,552)	11,552	29,603	-	3,499
Society of Malawi	50	1,671	1,671	(50)	-
St Gabriel Hospital	2,059	2,100	-	41	-
Umoyo Trust	3,000	2,993	-	(7)	-
University of Livingstonia	-	97	97	-	-
Total	158,998	159,467	152,395	2,418	154,344

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 13. DONATIONS

	TRUST AND GROUP	
	2009 MK'000	2008 MK'000
Chewa Heritage	500	-
Press Trust Merit Bursary	4,681	2,925
Disaster Relief Preparedness	-	500
Department of Energy	-	146
Chiuta Orphanage	-	200
Television Malawi	198	-
Nsiyaludzu School of the Blind	22	-
National Assembly	450	-
Zomba Central Hospital	583	-
Mulhako Wa Alhomwe	500	-
Ekwendeni Mission Hospital	20	-
Nurses and Midwives Council of Malawi	300	-
Total donations	7,254	3,771



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 14. PROPERTY, PLANT AND EQUIPMENT (TRUST AND GROUP)

	Freehold land and buildings MK'000	Furniture and equipment MK'000	Motor vehicles MK'000	Total MK'000
<b>For the year ended 31 March 2008</b>				
<b>COST OR VALUATION</b>				
At the beginning of the year	35,650	18,181	38,094	91,925
Additions	5,290	954	4,227	10,471
Disposals	-	(589)	-	(589)
Assets classified as held for sale	(10,850)	-	-	(10,850)
At the end of the year	30,090	18,546	42,321	90,957
<b>ACCUMULATED DEPRECIATION</b>				
At the beginning of the year	359	12,638	11,143	24,140
Charge for the year	366	2,238	8,201	10,805
Disposals	-	(326)	-	(326)
Assets classified as held for sale	(85)	-	-	(85)
At the end of the year	640	14,550	19,344	34,534
<b>NET BOOK VALUE</b>				
At the end of the year	29,450	3,996	22,977	56,423

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 14. PROPERTY, PLANT AND EQUIPMENT (TRUST AND GROUP)

	Freehold land and buildings MK'000	Furniture and equipment MK'000	Motor vehicles MK'000	Total MK'000
<b>For the year ended 31 March 2009</b>				
<b>COST OR VALUATION</b>				
At the beginning of the year	30,090	18,546	42,321	90,957
Additions	14,148	5,950	14,819	34,917
Disposals	-	(5,644)	(4,377)	(10,021)
At the end of the year	44,238	18,852	52,763	115,853
<b>ACCUMULATED DEPRECIATION</b>				
At the beginning of the year	640	14,550	19,344	34,534
Charge for the year	434	2,210	10,557	13,201
Disposals	(156)	(5,614)	(4,104)	(9,874)
At the end of the year	918	11,146	25,797	37,861
<b>NET BOOK VALUE</b>				
At the end of the year	43,320	7,706	26,966	77,992

### Land and buildings

Cost or valuation at the end of the year comprises the following:

	2009 MK'000	2008 MK'000
At cost	21,040	21,040
Revaluation amount	23,198	9,050
Total cost on valuation	44,238	30,090

The land and buildings were revalued as at 31 March 2007 using an open market value basis. The valuations were carried out by a qualified valuer G.A. Nthinda, BSc (Hons) Estate Management, MSIM, ARICS C dip AF of Malawi Property Investment Company Limited. The register of land and buildings is available for inspection at the Trust's registered offices.



# NOTES TO THE FINANCIAL STATEMENTS

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31 March 2009

## 15. LISTED EQUITY INVESTMENTS

	TRUST		GROUP	
	2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
At the beginning of the year	12,816,226	7,825,442	13,378,576	9,260,934
Additions	281,268	10,554	562,243	625,173
Fair value deficit taken to equity (pages 7 and 8)	(4,020,942)	4,980,230	(4,395,046)	4,989,009
Fair value deficit taken to income statement	(39,406)	-	(39,406)	-
Disposal - external investments	(363,681)	-	(363,681)	(1,496,540)
At the end of the year	8,673,465	12,816,226	9,142,686	13,378,576
<b>Analysed as follows:</b>				
Held by Press Trust	8,673,465	12,816,226	8,673,465	12,816,226
Held by Press Trust Overseas Limited	-	-	469,221	562,350
<b>Total</b>	<b>8,673,465</b>	<b>12,816,226</b>	<b>9,142,686</b>	<b>13,378,576</b>

Investments in listed companies are considered as available for sale financial assets and accounted for in accordance with accounting policy 3.5.

Investments held by Press Trust are listed on the Malawi Stock Exchanges and London Stock Exchange. The Investments held by Press Trust Overseas Limited are listed on Stock Exchanges in South Africa and Zimbabwe.

Current year additions of local listed equity investments relate to the purchase of shares in Telecom Network Malawi Limited and Press Corporation Limited.

## 15. LISTED EQUITY INVESTMENTS (CONTINUED)

	Nominal value per share	Number of shares 2009	Number of shares 2008	Share price 2009 MK	Share price 2008 MK	Valuation 2009 MK'000	Valuation 2008 MK'000	Dividends receivable 2009 MK'000	Dividends receivable 2008 MK'000
<b>Malawi Investments</b>									
Press Corporation Limited	1 tambala	53,472,079	53,471,079	120.00	195.00	6,416,650	10,426,860	224,579	171,107
Illovo Sugar Limited	2 tambala	11,628,794	11,628,794	110.00	115.00	1,279,168	1,337,311	62,795	58,725
Stanbic Bank Limited	1 Kwacha	4,592,720	4,592,720	70.00	63.00	321,490	289,341	9,851	6,614
Blantyre Hotels Limited	25 tambala	33,979,219	33,979,219	6.15	3.40	208,973	115,529	-	-
National Bank of Malawi	1 Kwacha	3,726,106	3,726,106	59.00	61.00	219,840	227,293	6,942	12,930
Packaging Industries (Malawi) Limited	20 tambala	2,401,485	2,401,485	6.25	5.00	15,009	12,007	336	649
National Investment Trust Limited	2 tambala	4,795,000	4,795,000	20.00	26.00	95,900	124,670	1,870	1,486
Malawi Property Investment Company Limited	5 tambala	4,690,886	4,690,886	3.50	3.997	16,418	18,749	938	-
Telecom Networks Malawi Limited	5 tambala	30,280,605	-	2.00	-	60,564	-	606	-
<b>External investments</b>									
Old Mutual plc	10 pence	197,267	637,267	200.00	415.00	39,453	264,466	3,656	11,458
						<b>8,673,465</b>	<b>12,816,226</b>	<b>311,573</b>	<b>262,969</b>

All listed equity investments are traded on the Malawi Stock Exchange. Press Corporation Limited is also listed on London Stock Exchange and Old Mutual plc is also listed on other African stock exchanges and on the London Stock Exchange. The Trust's shares in Old Mutual plc are included on the Malawi register but are tradeable in other markets.

### Investments held by Press Trust Overseas Limited

	Number of shares 2009	Number of shares 2008	Share price 2009 USD	Share price 2008 USD	Valuation 2009 USD	Valuation 2008 USD	Dividend receivable 2009 MK'000	Dividend receivable 2008 MK'000
Imara Global Fund	283,006	188,324	9.62	15.76	2,722,518	2,967,986	934	25,655
Imara African Opportunities Fund	75,690	49,383	8.12	20.96	614,603	1,035,068	-	-
					<b>3,337,121</b>	<b>4,003,054</b>	<b>934</b>	<b>25,655</b>



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 16. UNLISTED EQUITY INVESTMENTS

	TRUST AND GROUP	
	2009 MK'000	2008 MK'000
At beginning of the year	432,128	442,434
Disposals - Telecom Holdings Limited & Kang'ombe Investments	(95,375)	(10,306)
At end of the year	336,753	432,128

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. UNLISTED EQUITY INVESTMENTS (TRUST AND GROUP) (CONTINUED)

	Nominal Value per share	Number of shares 2009	Number of shares 2008	Shareholding % 2009	Shareholding % 2008	Trustees' valuation 2009 MK'000	Trustees' valuation 2008 MK'000	Dividends receivable 2009 MK'000	Dividends receivable 2008 MK'000
Malawi investments									
Kang'ombe Investments Limited	10 Tambala	499,900,000	977,100,000	25.06	48.845	78,320	153,083	6,203	12,214
Continental Discount House Limited	1 Kwacha	17,343,000	17,343,000	15.000	15.000	60,700	60,701	9,000	16,055
Press Agriculture Limited	1 Kwacha	8,626,512	8,626,512	93.000	93.000	-	-	-	-
Mwaiwathu Private Hospital Limited	21.66 Kwacha	3,297,519	3,297,519	20.040	20.040	35,411	35,412	-	-
INDEbank Limited	1 Kwacha	24,000,000	24,000,000	30.000	30.000	124,814	124,814	-	-
Telecom Holdings Limited	1000 Kwacha	36,394	56,394	0.91	1.41	37,508	58,118	-	-
						336,753	432,128	15,203	28,269

Investments in unlisted companies are considered as available for sale financial assets and accounted for in accordance with accounting policy 3.5.

The Trustee's 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.

Press Agriculture Limited

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

Telecom Holdings Limited

Subsequent to year end MK20.6 million worth of shares at cost were sold to Investment Alliance Limited.



# NOTES TO THE FINANCIAL STATEMENTS

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31 March 2009

## 17. PRESS TRUST OVERSEAS LIMITED

	TRUST	
	2009 K'000	2008 K'000
At beginning of the year	884,306	1,598,892
Fair value adjustment	(377,357)	(723,848)
Translation gain	(793)	9,262
Balance at end of the year	506,156	884,306

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 Trust Overseas has not declared and paid a dividend this year.

## 18. RECEIVABLES AND PREPAYMENTS

	TRUST		GROUP	
	2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
Dividends	3,135	17,152	3,135	17,152
Less Provision for doubtful debts	(788)	(788)	(788)	(788)
Prepayments and other receivables	44,017	41,901	79,955	41,901
Impairment on staff loans	(10,898)	(6,812)	(10,898)	(6,812)
Press Corporation Limited – Share Ownership Fund	3,451	4,114	3,451	4,114
Receivables from Trustees	2,402	2,403	2,402	2,403
Less provision for doubtful debts	(2,402)	(2,403)	(2,402)	(2,403)
Total receivables and prepayments	38,917	55,567	74,855	55,567

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

## 19. BANK BALANCES AND CASH

	TRUST		GROUP	
	2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
Short-term bank deposits	143,439	126,472	181,100	356,654
Current accounts	20,719	11,579	20,719	11,579
Foreign currency accounts	24,119	24,286	24,119	24,286
Cash on hand	20	20	20	20
Total bank balances and cash	188,297	162,357	225,958	392,539

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 20. ASSETS CLASSIFIED AS HELD FOR SALE

	At the beginning of the year K'000	Disposal K'000	At the end of the year K'000
Cost or valuation	10,850	10,850	-
Accumulated depreciation	(85)	(85)	-
Carrying amount	10,765	10,765	-

The Trust has finally disposed off Kondanani House to Hidaya Trust for MK13 million after receiving the balance of MK10.4 million during the year. The buyer already made a deposit of MK2.6 million in prior year.

## 21. POST EMPLOYMENT BENEFIT OBLIGATIONS

	TRUST AND GROUP	
	2009 MK'000	2008 MK'000 Restated
Balances at the beginning of the year	26,816	10,906
Charge to income statement	10,952	15,910
Total post employment benefit obligations	37,768	26,816

This represents liabilities payable to employees upon termination of employment. The amount is only payable in the event of termination by mutual agreement with the employer or unilaterally by the employer. The amount disclosed represents an estimate of the cost to the Trust in the event that any of the two events were to occur. The amount includes all employees of the Trust and is based on basic pay plus benefits.

## 22. ACCOUNTS PAYABLE

	TRUST		GROUP	
	2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
Staff contract gratuities	19,494	10,991	19,494	10,991
Accruals and other payables	16,891	23,167	17,667	26,996
Total accounts payable	36,385	34,158	37,161	37,987

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





# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 23. SHORT-TERM LOAN

TRUST		GROUP	
2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
-	337,925	-	337,925

In prior years, Press Trust guaranteed loans that Press Agriculture Limited obtained from Limbe Leaf Tobacco Company Limited amounting to US\$7,200,000. The securities offered for these guarantees were investments in PTOL, PCL and Old Mutual Plc. Following the financial difficulties that Press Agriculture Limited is facing and its failure to settle the guaranteed loan, Limbe Leaf Tobacco Company Limited requested a repayment from the Trust as guarantor. At a meeting held in Richmond, Virginia, United States of America on 5 June 2007 between Universal Leaf shareholder of Limbe Leaf Tobacco Company Limited and Press Trust management, it was agreed that the guaranteed loans should be taken over by Press Trust. The total loan inclusive of interest charges taken over amounted to \$11.3million. Interest charges of US\$3million were waived thereby bringing down the loan amount taken over by the Trust to US\$8,305,496. In the year ended 31 March 2008, the loan was reduced to US\$ 2,405,496 (K337,925,040) through a payment of US\$5.9 million made by Press Trust Overseas Limited, a subsidiary of Press Trust. In the year under review the remaining loan amount plus interest were settled in full.

## 24. CAPITAL COMMITMENTS

	TRUST		GROUP	
	2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
Approved and contracted for	4,917	10,472	34,917	10,472
Approved and not contracted for	552	6,700	12,552	6,700

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

## 25. CONTINGENT GAIN AND LIABILITIES

### Contingent liabilities

#### Blantyre Hotels Limited

Blantyre Hotels Limited obtained a loan from Industrial Development Corporation of South Africa Limited (IDC) of US\$1,488,350 (K162,039,790).

Press Trust and the two other major shareholders, NICOHoldings Limited and Africap of Texas, USA, have guaranteed this loan to Blantyre Hotels Limited. The liability of the Trust and the other two shareholders under this guarantee is joint and several.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

### Press Agriculture Limited

The Trust has guaranteed Press Agriculture Limited's seasonal finance loans for 2008/2009 to assist the company to access credit from various local banks for amounts not exceeding MK1.4bn. The Trust has offered its shares in Standard Bank Limited, Illovo Sugar Corporation Limited, National Bank of Malawi and Press Corporation Limited as a security for the loans.

The Trust has pledged: 3,400,420 Standard Bank shares and 3,000,000 Press Corporation Limited shares to Continental Discount House; 5,377,864 shares in Illovo Sugar Corporation Limited to NBS Bank; 1,650,700 shares in Standard Bank to Malawi Savings Bank; 2,518,840 shares in Press Corporation Limited and 81,300 shares in Illovo Sugar Corporation Limited to First Merchant Bank.

## 26. POST BALANCE SHEET EVENTS

### Listed equity investments

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

	26 June 2009 Kwacha per share	31 March 2009 Kwacha per share	31 March 2008 Kwacha per share
Press Corporation Limited	120.00	120.00	195.00
ILLOVO Sugar Corporation Limited	110.00	110.00	115.00
Standard Bank Malawi Limited	70.00	70.00	63.00
Packaging Industries Malawi Limited	6.25	6.25	5.00
Blantyre Hotels Limited	6.15	6.15	3.40
Old Mutual Plc	200.00	200.00	415.00
National Bank of Malawi	59.00	59.00	61.00
National Investment Trust Limited	20.00	20.00	26.00
Malawi Property Investment Company Limited	3.50	3.50	4.00
Telecom Networks Malawi Limited	2.00	2.00	-

The share price movement did not result into losses or gains in current year (2008: a gain of MK1,808 billion).

### Project expenditure

Subsequent to the year-end on 25 June 2009, the Board ratified approval of MK15 million expenditure on Nambalanje Health Centre that had already been disbursed by the Trust. This has resulted into an adjusting event for project expenditure accruals as at 31 March 2009 in line with the Trust's policy as per note 3.11 above.





# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 27. 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 Trustee's spouse;
- a Trustee's parents, sister, brother, child, business partner and the spouse of any of them; and
- a company controlled by a Trustee or a person or persons falling within paragraphs i) and ii) above.

Total emoluments per management staff during the year amounted to MK39.5 million (2008: MK40.3 million).

Transactions with its subsidiaries, Press Trust Overseas Limited and Press Agriculture Limited, have been disclosed in notes 7, 9, 15, 17 and 25.

## 28. 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.

Date	K/USD	National rate of inflation	Fixed deposit interest rates			Base lending rate
			2 months	3 months	6 months	
31 March 2008	140.4804	8.20%	6.25%	6.25%	6.25%	19.5%
30 June 2008	140.5000	7.90%	4.50%	4.00%	3.00%	19.5%
31 March 2009	140.6064	9.50%	4.50%	4.00%	3.00%	19.5%
31 May 2009	140.6064	9.50%	4.50%	4.00%	3.00%	19.5%



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 29. 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	
	2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
<b>Financial assets</b>				
Receivables and prepayments	38,917	55,567	74,855	55,567
Bank balances and cash	188,297	162,357	226,005	488,142
AFS financial assets	9,010,218	13,248,354	9,479,439	13,810,704
<b>Total financial assets</b>	<b>9,237,432</b>	<b>13,466,278</b>	<b>9,780,299</b>	<b>14,354,413</b>
<b>Financial liabilities and equity</b>				
Accounts payable	36,385	34,158	37,161	37,987
Loans and advances	-	337,925	-	337,925
Project funding	154,343	158,998	154,343	158,998
<b>Total liabilities</b>	<b>190,728</b>	<b>531,081</b>	<b>191,504</b>	<b>534,910</b>

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.



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 29. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (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 trades of the current year were meant to meet specific funding requirements.

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.

	TRUST		GROUP	
	2009 MK'000	2008 MK'000	2009 MK'000	2008 MK'000
Gross Maximum Exposure				
Corporate loans and interest	743,195	734,131	1,607,071	1,562,069
Other loans and advances	-	-	-	-
Other assets	-	-	-	-
Sub-total before impairment	743,195	734,131	1,607,071	1,562,069
Security available	-	-	-	-
Net impaired loans	743,195	734,131	1,607,071	1,562,069

These Corporate loans are unsecured and are fully provided for.



# NOTES TO THE FINANCIAL STATEMENTS

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31 March 2009

### (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 2009 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
<b>TRUST</b>					
<b>31 March 2009</b>					
<b>Assets</b>					
Receivables and prepayments	7,146	8,213	23,558	38,917	38,917
Bank balances and cash	188,297	-	-	188,297	188,297
AFS financial assets	58,207	18,754	8,933,257	9,010,218	9,010,218
<b>Total financial assets</b>	<b>253,650</b>	<b>26,967</b>	<b>8,956,815</b>	<b>9,237,432</b>	<b>9,237,432</b>
<b>Liabilities</b>					
Accounts payable	36,385	-	-	36,385	36,385
Project funding	89,030	65,313	-	154,343	154,343
<b>Total liabilities</b>	<b>125,415</b>	<b>65,313</b>	<b>-</b>	<b>190,728</b>	<b>190,728</b>
<b>Gap</b>	<b>128,235</b>	<b>(38,346)</b>	<b>8,956,815</b>	<b>9,046,704</b>	<b>9,046,704</b>
<b>Cumulative Gap</b>	<b>128,235</b>	<b>89,889</b>	<b>9,046,704</b>	<b>-</b>	<b>-</b>

29. Financial risk management (Continued)

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 March 2008 to the contractual maturity date.



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

## 29. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (F) LIQUIDITY RISK MANAGEMENT (CONTINUED)

	Up to 6 months MK'000	6 to 12 Months MK'000	Over 1 year MK'000	Total MK'000	Carrying Value MK'000
<b>TRUST</b>					
<b>31 March 2008</b>					
<b>Assets</b>					
Receivables and prepayments	-	25,697	29,870	55,567	55,567
Bank balances and cash	162,357	-	-	162,357	162,357
AFS financial assets	216,906	10,306	13,021,142	13,248,354	13,248,354
<b>Total financial assets</b>	<b>379,263</b>	<b>36,003</b>	<b>13,051,012</b>	<b>13,466,278</b>	<b>13,466,278</b>
<b>Liabilities</b>					
Accounts payable	23,167	10,991	-	34,158	34,158
Loans and advances	337,925	-	-	337,925	337,925
Project funding	60,000	85,000	13,998	158,998	158,998
<b>Total liabilities</b>	<b>421,092</b>	<b>95,991</b>	<b>13,998</b>	<b>531,081</b>	<b>531,081</b>
<b>Gap</b>	<b>(41,829)</b>	<b>(59,988)</b>	<b>13,037,014</b>	<b>12,935,197</b>	<b>12,935,197</b>
<b>Cumulative Gap</b>	<b>(41,829)</b>	<b>(101,817)</b>	<b>12,935,197</b>	<b>-</b>	<b>-</b>

29. Financial risk management (Continued)

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 March 2009 to the contractual maturity date.



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

31 March 2009

	Up to 6 months MK'000	6 to 12 Months MK'000	Over 1 year MK'000	Total MK'000	Carrying Value MK'000
<b>GROUP</b>					
<b>31 March 2009</b>					
<b>Assets</b>					
Receivables and prepayments	7,146	8,213	59,496	74,855	74,855
Bank balances and cash	226,005	-	-	226,005	226,005
AFS financial assets	58,207	18,754	9,402,478	9,479,439	9,479,439
<b>Total financial assets</b>	<b>291,358</b>	<b>26,967</b>	<b>9,461,974</b>	<b>9,780,299</b>	<b>9,780,299</b>
<b>Liabilities</b>					
Accounts payable	37,161	-	-	37,161	37,161
Project funding	89,030	65,313	-	154,343	154,343
<b>Total liabilities</b>	<b>126,191</b>	<b>65,313</b>	<b>-</b>	<b>191,504</b>	<b>191,504</b>
<b>Gap</b>	<b>165,167</b>	<b>(38,346)</b>	<b>9,461,974</b>	<b>9,588,795</b>	<b>9,588,795</b>
<b>Cumulative Gap</b>	<b>165,167</b>	<b>126,821</b>	<b>9,588,795</b>	<b>-</b>	<b>-</b>

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 March 2008 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
<b>GROUP</b>					
<b>31 March 2008</b>					
<b>Assets</b>					
Receivables and prepayments	-	25,697	29,870	55,567	55,567
Bank balances and cash	488,142	-	-	488,142	488,142
AFS financial assets	216,906	10,306	13,583,492	13,810,704	13,810,704
<b>Total financial assets</b>	<b>705,048</b>	<b>36,003</b>	<b>13,613,362</b>	<b>14,354,413</b>	<b>14,354,413</b>
<b>Liabilities</b>					
Accounts payable	26,996	10,991	-	37,987	37,987
Loans and advances	337,925	-	-	337,925	337,925
Project funding	60,000	85,000	13,998	158,998	158,998
<b>Total liabilities</b>	<b>424,921</b>	<b>95,991</b>	<b>13,998</b>	<b>534,910</b>	<b>534,910</b>
<b>Gap</b>	<b>280,127</b>	<b>(59,988)</b>	<b>13,599,364</b>	<b>13,819,503</b>	<b>13,819,503</b>
<b>Cumulative Gap</b>	<b>280,127</b>	<b>220,139</b>	<b>13,819,503</b>	<b>-</b>	<b>-</b>



# APPENDIX 1

## ANALYSIS OF ADMINISTRATION EXPENDITURE

For the Year Ended 31 March 2009

TRUST GROUP	2009 K'000	2008 K'000	2009 K'000	2008 K'000
EXPENDITURE				
Staff costs	80,250	71,137	80,250	71,137
Impairment loss on investments	39,404	-	39,404	-
Severance pay provision	10,954	15,908	10,954	15,908
Management fees	-	-	3,093	12,521
Depreciation	13,201	10,805	13,201	10,805
Trustees' expenses	12,054	7,855	12,054	7,855
Motor vehicles expenses	7,364	4,369	7,364	4,369
Travel and accommodation	7,893	9,965	7,893	9,969
Office expenses	6,441	5,172	6,441	5,172
Office rent	4,222	3,832	4,222	3,832
Staff training	4,680	3,427	4,680	3,427
Consultancy expenses	3,326	1,378	3,326	1,378
Postage and telephones	3,862	3,647	3,862	3,647
Guest house expenses	1,695	2,143	1,695	2,143
Auditors' remuneration				
- current year	5,081	4,700	5,777	5,395
- prior year	-	1,042	-	1,042
Insurance	2,828	2,815	2,828	2,815
Legal fees	988	5,662	988	5,662
Sundry expenses	-	-	1,375	39,246
Advertising	3,708	7,722	3,708	7,722
Printing and stationery	2,161	1,528	2,161	1,528
Bank charges	1,841	1,300	1,841	1,300
Interest charges	3,612	1,260	3,612	1,260
Total administration expenditure	215,565	165,667	220,729	218,133