



PRESS CORPORATION LIMITED

EXTRACTS FROM THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

In millions of Malawi Kwacha

Statements of Comprehensive Income

	GROUP			COMPANY		
	Unaudited 30-Jun-14	Unaudited 30-Jun-13	Audited 31-Dec-13	Unaudited 30-Jun-14	Unaudited 30-Jun-13	Audited 31-Dec-13
Continuing operations						
Revenue	59,483	50,164	113,717	130	1,743	6,846
Operating profit	14,464	11,374	26,961	1,489	918	4,155
Net interest (paid)/Received	(1,378)	(1,733)	(2,183)	(473)	(87)	(53)
Exchange gains/(losses)	1,459	-	(4,274)	41	(637)	(971)
Net finance (cost)/income	81	(1,733)	(6,457)	(432)	(724)	(1,024)
Share of profit of equity-accounted investments	2,175	1,130	5,915	-	-	-
Profit before income tax	16,720	10,771	26,419	1,057	194	3,131
Income tax expense	(6,069)	(3,394)	(9,060)	(238)	(162)	(653)
Profit for the year from continued operations	10,651	7,377	17,359	819	32	2,478
Discontinued operations						
Profit from discontinued operations	2	11	5	-	-	-
Profit for the period	10,653	7,388	17,364	819	32	2,478
Total other comprehensive income net of tax	575	2,422	7,897	6,519	2,560	32,012
Total comprehensive income for the period	11,228	9,810	25,261	7,338	2,592	34,490
Profit attributable to:						
Equity holders of the company	5,320	3,493	9,372	819	32	2,478
Non-controlling interest	5,333	3,895	7,992	-	-	-
	10,653	7,388	17,364	819	32	2,478
Total comprehensive income attributable to:						
Equity holders of the company	5,791	5,868	15,774	7,338	2,592	34,490
Non-controlling interest	5,437	3,942	9,487	-	-	-
	11,228	9,810	25,261	7,338	2,592	34,490
Earnings per share						
Basic and diluted earnings per share (MK)	44.26	29.06	77.97			
Basic and diluted earnings per share (MK) (continuing operations)	44.24	28.97	77.93			
Statements of Financial Position						
ASSETS						
Non-current assets						
Property, plant and equipment	78,097	68,536	74,342	1,213	1,192	1,376
Investment properties	3,030	3,391	3,096	-	-	-
Other investments	20,311	25,240	15,591	123,452	69,340	113,933
Loans and advances	30,607	29,294	20,386	514	338	5
Deferred tax assets	3,509	1,281	4,928	-	-	-
	135,554	127,742	118,343	125,179	70,870	115,314
Current assets						
Inventories	8,156	6,123	6,597	35	11	8
Loans and advances	32,512	17,879	34,864	-	-	-
Other investments	42,143	10,587	32,342	-	-	-
Trade and other receivables	44,104	38,982	21,929	741	516	1,377
Cash and cash equivalents	27,360	13,523	58,022	190	328	491
	154,275	87,094	153,754	966	855	1,876
Total assets	289,829	214,836	272,097	126,145	71,725	117,190
EQUITY AND LIABILITIES						
Equity						
Issued capital	1	1	1	1	1	1
Share premium	2,097	2,097	2,097	2,097	2,097	2,097
Reserves and retained earnings	60,784	45,706	54,993	93,452	55,256	86,114
Total equity attributable to equity holders of the parent	62,882	47,804	57,091	95,550	57,354	88,212
Minority interest	26,986	20,693	23,393	-	-	-
Total equity	89,868	68,497	80,484	95,550	57,354	88,212
Non-current liabilities	17,952	21,451	21,234	28,740	12,679	26,820
Current liabilities						
Bank overdraft	8,588	2,367	3,035	40	181	589
Interest bearing loans and borrowings	9,615	6,740	10,036	566	761	495
Customer deposits	123,373	83,408	118,541	-	-	-
Provisions	2,304	2,181	3,619	-	-	393
Trade and other payables	38,129	30,192	35,148	1,249	750	681
	182,009	124,888	170,379	1,855	1,692	2,158
Total liabilities	199,961	146,339	191,613	30,595	14,371	28,978
Total equity and liabilities	289,829	214,836	272,097	126,145	71,725	117,190

Statements of Cash Flows

	GROUP		COMPANY	
	Unaudited 30-Jun-14	Audited 31-Dec-13	Unaudited 30-Jun-14	Audited 31-Dec-13
Cash flows from/(used in) operating activities				
Cash generated from/(used in) operations	(9,030)	60,616	8,126	(3,296)
Interest and tax paid	(7,894)	(11,972)	(939)	(1,529)
Net cash from/(used in) operating activities	(16,924)	48,644	7,187	(4,825)
Investing activities				
Proceeds from sale of property, plant and investments	471	12,229	98	11
Interest received	344	4,222	106	151
Dividend received	475	4,701	475	6,551
Additions to property, plant and equipment	(8,347)	(12,290)	(14)	(430)
Net investments and loans	(9,389)	(29,585)	(10,044)	(2,781)
Net cash (used in)/from	(16,446)	(20,723)	(9,379)	3,502
Financing activities				
Proceeds from/(repayment of) long term borrowings	(1,001)	(583)	2,440	1,521
Dividends paid to shareholders of the Company	-	(661)	-	-
Dividend paid to non-controlling interest shareholders	(1,844)	(3,241)	-	(661)
Net cash from/(used in) financing activities	(2,845)	(4,485)	2,440	860
Net increase/(decrease) in cash and cash equivalents	(36,215)	23,436	248	(463)
Cash and cash equivalents at 1 January	54,987	31,551	(98)	365
Closing cash and cash equivalents	18,772	54,987	150	(98)

Statements of Changes in Equity

	GROUP AS AT 30 JUNE 2014			GROUP AS AT 31 DECEMBER 2013			COMPANY	
	Owner's Equity	Non Controlling Interest	Total	Owner's Equity	Non Controlling Interest	Total	30 JUN 2014 Total	31 DEC 2013 Total
Balance as at 1 January	57,091	23,393	80,484	41,977	17,148	59,125	88,212	54,383
Comprehensive income for the year								
Profit for the year	5,320	5,333	10,653	9,372	7,992	17,364	819	2,478
Other comprehensive income	471	104	575	6,403	1,494	7,897	6,519	32,012
Total comprehensive income for the year	5,791	5,437	11,228	15,775	9,486	25,261	7,338	34,490
Dividend to equity holders	-	(1,844)	(1,844)	(661)	(3,241)	(3,902)	-	(661)
Balance as at period end	62,882	26,986	89,868	57,091	23,393	80,484	95,550	88,212

Segmental Performance

	Financial Services	Telecommunications	Energy	Consumer Goods	All other	Total
June 2014						
Revenue	18,375	21,442	2,299	16,241	1,126	59,483
Operating profit	10,143	5,522	478	83	(1,762)	14,464
Net finance charges	-	64	118	23	(124)	81
Income tax	(3,210)	(2,025)	(474)	(42)	(318)	(6,069)
Profit from equity accounted and discontinued companies	-	-	-	-	2,177	2,177
Profit/(loss) for the year	6,933	3,561	122	64	(27)	10,653
Capital additions	1,122	6,205	323	302	395	8,347
Total assets	193,645	60,960	10,326	7,081	17,817	289,829
December 2013						
Revenue	34,973	36,668	9,358	29,888	2,830	113,717
Operating profit	16,446	7,242	4,192	436	(1,355)	26,961
Net finance charges	-	(6,548)	693	210	(812)	(6,457)
Income tax	(5,741)	(149)	(1,477)	(199)	(1,494)	(9,060)
Profit from equity accounted and discontinued companies	-	-	-	-	5,920	5,920
Profit/(loss) for the year	10,705	545	3,408	447	2,259	17,364
Capital additions	3,600	6,349	542	414	1,385	12,290
Total assets	173,994	54,582	10,783	5,293	27,445	272,097

Performance Highlights

The Board is pleased to report a consolidated profit after tax of MK10.653 billion (2013: MK7.388 billion) for the six months ended 30th June 2014. This represents a 44% growth on same period last year. Net profit attributable to ordinary shareholders was MK5.320 billion (2013: MK3.493 billion), representing a 52% growth on prior year. The performance was achieved against a backdrop of a general slowdown in business activity due to uncertainty in the run-up to the General Elections. In addition, reduced government spending and the continued uncertainty surrounding continued budgetary support from donors, dampened the operating environment. As a result, sales revenues in most companies in the Group were below plan. However, this was mitigated by the continued appreciation of the Malawi Kwacha during the period and as a result companies with foreign currency exposure realized significant exchange gains.

The Financial Services Segment continued to be the main driver of Group results. The Telecommunications Segment delivered exceptional results. The mobile-phone business more than doubled its earnings while the fixed line-phone business made a profit mainly due to exchange gains realized on its foreign currency exposure as well as gains made on sale of an investment as part of restructuring of its business activities. Similarly, the fuel distribution business registered a 61% growth in its earnings while earnings from steel distribution grew by 43%.

On the other hand, earnings from the Energy Segment declined due to a late start in production by the sole supplier of feed stock occasioned by the prolonged rainy season. Further, the fisheries business made a loss mainly due to the decline in fish catches on account of changing weather patterns and lower than planned harvests from aquaculture as the Pond Culture Project is still at development stage. The Consumer Goods Segment was hit hardest by the poor trading environment and its earnings declined by 76%.

Future outlook

The business environment remains uncertain in the absence of a clear statement from the donors on their position regarding budgetary support. The Group is positioned to deliver planned results under the circumstances. The focus will be to nurture and grow its current investments while exploring opportunities in energy generation

Dividend

Directors have proposed an interim dividend of MK420.7million (2013: MK240.4 million) representing MK3.50 per share (2013: MK2 per share) to be paid on Friday, 24th October 2014, to those shareholders registered in the books of the company at the close of business on Friday, 19th September 2014.

Clement Chilingulo
Chairman

Mathews A. P. Chikaonda
Group Chief Executive

Elizabeth Mafeni
Group Financial Controller

29th August 2014