

Share premium

holders of the parent

Deferred tax liabilities

Current liabilitie

Borrowings and lease liability

Total equity and liabilities

Reserves and retained earnings

Total equity & earnings attributable to equity

Borrowings, lease liability, and provisions

# PRESS CORPORATION PLC

# SUMMARY OF UN-AUDITED RESULTS FOR THE PERIOD ENDED 30 JUNE 2019

STATEMENTS OF COMPREHENSIVE INCOME							
	CONSOLIDATED						
	Un-audited	Un-audited	Audited	Un-audited	SEPARATE Un-audited	Audited	
	30-Jun-19	30-Jun-18	31-Dec-18	30-Jun-19	30-Jun-18	31-Dec-18	
Continuing operations							
Revenue	104,757	96,618	214,420	213	194	388	
Dividend income			-	2,575	5,121	10,129	
Earnings before interest, tax, depreciation and amortisation	30,620	39,416	65,606	820	3,405	5,563	
Depreciation and amortisation	(9,270)	(7,661)	(15,163)	(60)	(31)	(68)	
Results from operating activities	21,350	31,755	50,443	760	3,374	5,495	
Net interest (paid)/received	(2,860)	(1,659)	(2,995)	(722)	204	(431)	
Exchange (losses)/gain	(209)	27	(155)	` _	-	(31)	
Net finance (cost)/income	(3,069)	(1,632)	(3,150)	(722)	204	(462)	
Share of profit of equity-accounted investments	642	1,372	4,995	` -	-	-	
Profit before income tax	18,923	31,495	52,288	38	3,578	5,033	
Income tax expense	(7,763)	(8,420)	(15,584)	(258)	(512)	(983)	
Profit for the year from continuing operations	11,160	23,075	36,704	(220)	3,066	4,050	
3 · · · · · · · · · · · · · · · · · · ·	,	-,-		( )	.,	,	
Discontinued operations							
Profit from discontinued operations	8	4	9	-	-	-	
Profit for the year	11,168	23,079	36,713	(220)	3,066	4,050	
· · · · · · •	,	-,		, ,	.,	,	
Total other comprehensive income net of tax	1,388	(3,702)	7,669	12,987	39,704	38,716	
Total comprehensive income for the year	12,556	19,377	44,382	12,767	42,770	42,766	
,							
Profit attributable to:							
Equity holders of the company	3,089	13,997	18,373	(220)	3,066	4,050	
Non-controlling interest	8,079	9,082	18,340		-	-	
	11,168	23,079	36,713	(220)	3,066	4,050	
Total comprehensive income attributable to:							
Equity holders of the company	4,477	11,901	23,192	12,767	42,770	42,766	
Non-controlling interest	8,079	7,476	21,190	-	-	-	
	12,556	19,377	44,382	12,767	42,770	42,766	
Earnings per share							
Basic and diluted earnings per share (MK)	25.70	116.45	152.85				
Basic and diluted earnings per share (MK)							
(continuing operations)"							
	25.63	116.41	152.78				
STATEMENTS OF FINANCIAL POSITION							

Total comprehensive income attributable to:					
Equity holders of the company	4,477	11,901	23,192	12,767	42,770
Non-controlling interest	8,079	7,476	21,190	-	-
	12,556	19,377	44,382	12,767	42,770
Earnings per share					
Basic and diluted earnings per share (MK)	25.70	116.45	152.85		
Basic and diluted earnings per share (MK) (continuing operations)"					
(continuing operations)	25.63	116.41	152.78		
STATEMENTS OF FINANCIAL POSITION					
		ONSOLIDATED			SEPARATE
	Un-audited 30-Jun-19	Un-audited 30-Jun-18	Audited 31-Dec-18	Un-audited 30-Jun-19	Un-audited
ASSETS	30-3411-13	30-3411-10	31-Dec-10	30-Juli-13	30-3uii-10
Non-current assets Property, plant and equipment, right of use assets and investment properties	131,201	113,060	121,460	895	817
Intangibles	22,690	20,505	22,690	213	223
Investments in subsidiaries, joint ventures and associates	49,856	53,590	49,112	319,075	300,488
Other investments	26,836	7,728	19,315	5,776	
Loans and advances	124,685	63,626	73,717	-	-
Long term receivables and contract assets	1,532	=	1,706	1,403	2,160
Deferred tax assets	9,259	7,527	9,412	-	-
	366,059	266,036	297,412	327,362	303,688
Current assets					
Other investments	126,312	134,258	131,578	-	-
Loans and advances	57,708	85,355	86,943	-	
Trade and other receivables and contract assets	34,010	24,225	28,900	1,469	3,287
Other current assets	11,132	13,112	12,959	418	271
Cash and cash equivalents	63,643	74,753	64,581	4,166	9,495
	292,805	331,703	324,961	6,053	13,053
	658,864	597,739	622,373	333,415	316,741
EQUITY AND LIABILITIES					
Equity					
Issued capital	1	1	1	1	1

2.097

146,168

148,266

208,872

4,443

25.871

4 400

22,153

332,000

358.553

597,739

153,291

155,389

229,176

4,536

50.062

3,430

658,864

2.097

148,814

150,912

219,075

4,560

6.212

4,232

340,767

351.211

622,373

2.097

263,482

265,580

265,580

53,711

8.095

102

6.029

333,415

2.097

255,944

255,944

45,066

1 502

1,149

316,741

#### STATEMENTS OF CASH FLOWS

Cash generated by / (used in) operations Interest paid, tax paid and refund Net cash from / (used in) operating activities
Investing activities Proceeds from sale of property, plant and investments Interest received Dividend received Purchase of property, plant and equipment Cash outflow on acquisition of an associate Investment in subsidiaries Net cash (used in) / from investing activities
Financing activities  Net proceeds and repayment of long term borrowings  Dividends paid to shareholders of the Company  Dividend paid to non-controlling interest shareholders  Net cash used in financing activities  Net (decrease)/increase in cash and cash equivalents  Cash and cash equivalents at start of the year  Cash and cash equivalents at end of the year

## STATEMENTS OF CHANGES IN FOUITY

	As at 30 June 2019
ı	Balance at 1 January 2019
ı	Comprehensive income for the year
ı	Profit for the year
ı	Other comprehensive income
	Total comprehensive income for the year Dividend to equity holders Balance as at period end
ı	As at 31 December 2018
ı	Balance at 1 January 2018
ı	Comprehensive income for the year
ı	Profit for the year
ı	Other comprehensive income

#### Total comprehensive income for the vea ansactions reported directly in equity Dividend to equity holders

SEGMENTAL PERFORMANCE

218

304,622

6,069

1,403

313,115

2,213

376 5,056

7,645

2.097

252,813

252,813

53,711

61,928

3,782

221

6.019

320,760

Total assets

June 201	9
Revenue	
External r	evenues
Inter-segr	ment revenue
Segment	revenue
Segment	operating profit/(loss)
Segment	interest income
Segment	interest expense
Segment	income tax expense
Segment	Profit/(loss)
Depreciat	ion and amortization

	gment income tax expense gment Profit/(loss)
Se	epreciation and amortization gment assets gment liabilities
To: Elii Sh Pro	econciliation of profit on reportable segments to IFRS measures tal profit/(loss) for reportable segments mination of dividend income from Group companies aare of profit of equity accounted investees offit for discountinued operation onsolidated profit
Re Ext Int	ne 2018 vvenue ternal revenues ter-segment revenue

Segment interest income Segment interest income Segment interest expense
Segment income tax (expense)/credit Segment Profit/(loss)
Depreciation and amortization Segment assets Segment liabilities
Reconciliation of profit on reportable segments to IFRS measures
Total profit/(loss) for reportable segments
Adjustment due to different accounting policies
Elimination of dividend income from Group companies
Share of profit of equity accounted investees
Profit on loss of control of a subsidiary
Profit for discountinued operation
Concolidated profit

Co Un-audited	ONSOLIDATED Un-audited	Audited	Un-audited	SEPARATE Un-audited	Audited
30-Jun-19	30-Jun-18	31-Dec-18	30-Jun-19	30-Jun-18	31-Dec-18
24,887	20,786	40,889	(1,755)	(1,223)	(4,740)
(9,407)	(3,906)	(21,448)	(1,290)	(744)	(2,630)
15,480	16,880	19,441	(3,045)	(1,967)	(7,370)
1,462	8,958	4,686	-	11	27
777	965	2,326	160	453	933
-	850	2,514	2,575	5,121	10,129
(17,495)	(14,845)	(27,830)	(146)	(19)	(39)
	(3,092)	-	-	(3,011)	-
-	-	-	(1,173)	(11,115)	(9,327)
(15,256)	(7,164)	(18,304)	1,416	(8,560)	1,723
(2,750)	(7,358)	(3,462)	(343)	11,982	3,510
-	-	(3,127)	-	=	(3,127)
(2,455)	(4,363)	(8,537)	-	=	=
(5,205)	(11,721)	(15,126)	(343)	11,982	383
(4,981)	(2,005)	(13,989)	(1,972)	1,455	(5,264)
58,369	72,358	72,358	1,274	6,538	6,538
53,388	70,353	58,369	(698)	7,993	1,274

C	ONSOLIDATED		SEPARATE
Owner's Equity	Owner's Non Total		Total
150,912	68,163	219,075	252,813
3,089 1,388	8,079	11,168 1,388	(220) 12,987
4,477	8,079 (2,455)	12,556 (2,455)	12,767
155,389	73,787	229,176	265,580
125,557	56,287	181,844	213,174
18,373 4,819	18,340 2,850	36,713 7,669	4,050 38,716
<b>23,192</b> 5,290	<b>21,190</b> (777)	<b>44,382</b> 4,513	42,766
(3,127) <b>150,912</b>	(8,537) <b>68,163</b>	(11,664) <b>219,075</b>	(3,127) <b>252,813</b>

		_	_		
Financial Services	Telecommu nications	Energy	Consumer Goods	All other segments	Total
Sei vices	meacions		Goods	Segments	
35,591	49,550	6,583	11,687	1,346	104,757
455	1,757	-	9	340	2,561
36,046	51,307	6,583	11,696	1,686	107,318
13,321	10,816	434	(973)	955	24,553
-	21	513	-	165	699
-	(2,432)	(1)	(684)	(1,280)	(4,397)
(4,194)	(2,889)	(389)	-	(290)	(7,762)
9,127	5,516	557	(1,657)	(450)	13,093
1,770	6,959	289	538	243	9,799
444,797	115,440	22,939	7.551	350,847	941,574
352,281	61,790	3,877	14,306	75,294	507,548
9,127	5,516	557	(1,657)	(450)	13,093
-	-	-	(2,037)	(2,575)	(2,575)
-	-	-	-	642	642
_	_	_	_	8	8
9,127	5,516	557	(1,657)	(2,375)	11,168
30,999	44,843	5,545	13,767	1,464	96,618
742	2,979	-	3	364	4,088
31,741	47,822	5,545	13,770	1,828	100,706
12,823	13.593	(180)	(721)	3.037	28.552
,	12	386	4	445	847
-	(2,244)	-	(480)	(587)	(3,311)
(4,283)	(3,321)	(350)	49	(514)	(8,419)
8,540	8,040	(144)	(1,148)	2,381	17,669
2,118	5,500	171	151	86	8,026
409,081	91,653	20,551	5,999	328,250	855,534
328,169	50,083	3,642	10,426	67,583	459,903
					-
8,540	8,040	(144)	(1,148)	2,381	17,669
0,540	6,040	(144)	(1,140)	2,301	677
=	-	=	=	(5,121)	(5,121)

(144)

(1,148)

1,372 8,478

7,114

1,372

8.478

#### **BASIS OF PREPARATION**

The Directors have prepared the summary consolidated and separate financial statements in order to meet the requirements of the Malawi Stock Exchange Listings. The Directors have considered the listing requirements of the Malawi Stock Exchange and believe that the summary statements of financial position, comprehensive income and cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The accounting policies applied in the preparation of the consolidated and separate financial statements, from which the summary consolidated and separate financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated and separate financial statements.

#### **PERFORMANCE OVERVIEW**

#### Group Results

The Board is pleased to present interim results for Press Corporation PLC for the six months period ended 30 June,

Group profit before tax for the period at MK18.92 billion (2018: MK31.49 billion) represents a 40% decrease. The reduction should be read in the context of a one-off gain of K11.18b in the first half of prior year arising out of the restructuring initiatives of the telecommunications segment (OCL MK8.48b and MTL MK2.7b). The underlying comparable result without the one-off gain in similar period of 2018 is therefore MK20.31b, representing a 7% decrease.

The general business environment was subdued occasioned by challenges and uncertainties usually posed by a general election year, aggravated in this particular year by the immediate aftermath of the contested results. As a result, the Group did not reach its full potential and registered an 8% growth in revenue. Net finance costs increased by 88% following increased borrowings to fund capital investments, and overheads took into account a once off cost for functional reviews in some of the Group companies amounting to MK1.3b. The Group will continue with its initiatives to improve operating efficiencies through the re-engineering of its processes and emphasis on cost control.

### SEGMENTAL PERFORMANCE

The Financial Services Segment (National Bank of Malawi) The Bank registered a 7% growth in its earnings driven by a 26% growth in the loan book and 8% growth in customer deposits. Non-performing loans were within acceptable levels.

## The Telecommunications Segment (mobile phone company: TNM, and the fixed telephony and broad band

Profit from the telecommunications segment declined by 31% as prior year results included a once off gain from the restructuring of assets. The mobile phone company registered a 2% decline on its net earnings, due to an increase in depreciation expense following the company's heavy capital

## The Energy Segment (ethanol manufacturing: PressCane

The segment delivered outstanding results mainly due to excellent performance by Ethanol Company which registered

a 108% growth in its net earnings driven by improved sales volumes and availability of raw materials from carryover stocks. Similarly, PressCane registered 11% growth in its net earnings. Both companies are expected to deliver planned results for

### The Consumer Goods Segment (retail chain: Peoples)

The retail chain registered a 44% increase in its losses as a result of a 15% decline in sales revenues and a 44% increase in interest and reorganisation costs. The company requires substantial equity injection to support the reorganisation efforts for it to return to profitability. Directors are weighing options of various avenues for recapitalisation.

#### All-Other Segment: (fish farming: Maldeco and real estate: Press Properties)

The Foods Company continued to register positive gains with a reduction of 23% in its losses. The company is on the path to recovery with the ongoing investment in capacity expansion after a successful restructuring of its operations. The real estate business registered a profit compared to a loss made in the similar period of last year following a successful restructuring and capital injection. The company is positioned for growth.

Equity accounted businesses: (Joint ventures: PUMA, a fuel distribution company and Macsteel, a steel processing and trading company; associated companies: Limbe Leaf, a tobacco processing company; and Castel, a bottling and brewing company, Open Connect Limited: a telecom fibre back borne infrastructure company)

While most companies within this segment produced satisfactory results, the Group's share of profit from equity accounted investments declined by 53%. This was mainly due to poor results reported in the bottling and brewing business (Castel) as a result operational challenges some of which emanated from changes in regulations. Management is in discussions with the authorities for amicable resolutions of the matters. The company also incurred significant exchange losses following the depreciation of the Malawi Kwacha against the USD during the second quarter, which have since partly reversed due to recent appreciation in the Malawi Kwacha rate

The tobacco processing company and the fibre back bone companies, on the other hand, delivered excellent results. while profit from the fuel distribution company declined by 34% mainly due to reductions in gross margins, as other recoveries were removed from the price build up on all fuels during the period.

Business confidence remains at a low ebb as the operating environment remains challenging in light of the contested presidential elections. Management is poised to deliver satisfactory results building on its strength of being a reasonably diversified Group, notwithstanding the consequences of the current tense political atmosphere with the resultant adverse economic implications.

Directors have resolved to pay an interim dividend amounting to MK721.20 million (2018: MK721.20) representing MK6.00 per share (2018:MK6.00 per share). The dividend will be paid on Friday, 25th October 2019 to members whose names appear on the register as at the close of business on 18th October

(Munesof) Patrick Khembo (Mr)

George Partridge (Dr)

Fille e Estelle Nuka (Mrs)

Elizabeth Mafeni (Mrs) Group Financial Controller