



PRESS CORPORATION LIMITED

EXTRACTS FROM THE UNAUDITED INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2015

In millions of Malawi Kwacha

Statements of Comprehensive Income

	GROUP			COMPANY		
	Unaudited 6 months to 30-Jun-15	Unaudited 6 months to 30-Jun-14	Audited Year to 31-Dec-14	Unaudited 6 months to 30-Jun-15	Unaudited 6 months to 30-Jun-14	Audited Year to 31-Dec-14
Continuing operations						
Revenue	72,789	59,483	136,787	3,279	130	6,935
Operating profit	14,413	14,464	30,906	2,140	1,489	4,750
Net interest paid	(2,068)	(1,378)	(2,452)	(975)	(473)	(1,336)
Exchange gain/(losses)	1,841	1,459	(1,066)	(1)	41	42
Net finance (cost)/income	(227)	81	(3,518)	(976)	(432)	(1,294)
Share of profit of equity-accounted investments	2,230	2,175	7,316	-	-	-
Profit before income tax	16,416	16,720	34,704	1,164	1,057	3,456
Income tax expense	(6,673)	(6,069)	(12,576)	(313)	(238)	(668)
Profit for the period from continued	9,743	10,651	22,128	851	819	2,788
Discontinued operations						
Profit from discontinued operations	3	2	6	-	-	-
Profit for the period	9,746	10,653	22,134	851	819	2,788
Total other comprehensive income net of tax	(97)	575	7,911	14,059	6,519	19,063
Total comprehensive income for the period	9,649	11,228	30,045	14,910	7,338	21,851
Profit attributable to:						
Equity holders of the company	3,557	5,320	11,248	851	819	2,788
Non-controlling interest	6,189	5,333	10,886	-	-	-
	9,746	10,653	22,134	851	819	2,788
Total comprehensive income attributable to:						
Equity holders of the company	3,507	5,791	16,824	14,910	7,338	21,851
Non-controlling interest	6,142	5,437	13,221	-	-	-
	9,649	11,228	30,045	14,910	7,338	21,851
Earnings per share						
Basic and diluted earnings per share (MK)	29.59	44.26	93.58			
Basic and diluted earnings per share (MK) (continuing operations)	29.57	44.24	93.53			
Statements of Financial Position						
ASSETS						
Non-current assets						
Property, plant and equipment	90,294	78,097	90,687	1,186	1,213	1,239
Investment properties	3,240	3,030	3,270	-	-	-
Other investments	23,429	20,311	21,551	149,305	123,452	135,246
Loans and advances	23,479	30,607	31,536	4	514	4
Deferred tax assets	4,143	3,509	4,332	-	-	-
	144,585	135,554	151,376	150,495	125,179	136,489
Current assets						
Inventories	9,005	8,156	10,062	11	35	13
Loans and advances	44,840	32,512	42,080	-	-	-
Other investments	65,889	42,143	39,921	-	-	-
Trade and other receivables	30,390	44,104	36,537	1,027	741	992
Cash and cash equivalents	48,754	27,360	65,852	982	190	107
	198,878	154,275	194,452	2,020	966	1,112
Total assets	343,463	289,829	345,828	152,515	126,145	137,601
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	76,698	60,784	73,147	121,612	93,452	106,702
Total equity attributable to equity holders of the company	78,796	62,882	75,245	123,710	95,550	108,800
Non-controlling interest	35,353	26,986	32,138	-	-	-
Total equity	114,149	89,868	107,383	123,710	95,550	108,800
Non-current liabilities	18,561	17,952	19,093	25,534	28,740	25,474
Current liabilities						
Bank overdraft	2,631	8,588	4,259	63	40	340
Interest bearing loans and borrowings	14,682	9,615	14,100	1,878	566	1,878
Customer deposits	144,489	123,373	140,378	-	-	-
Provisions	2,037	2,304	4,215	81	-	588
Trade and other payables	46,914	38,129	56,400	1,249	1,249	521
	210,753	182,009	219,352	3,271	1,855	3,327
Total liabilities	229,314	199,961	238,445	28,805	30,595	28,801
Total equity and liabilities	343,463	289,829	345,828	152,515	126,145	137,601

Statements of Cash Flows

	GROUP			COMPANY		
	Unaudited 6 months to 30-Jun-15	Unaudited 6 months to 30-Jun-14	Audited Year to 31-Dec-14	Unaudited 6 months to 30-Jun-15	Unaudited 6 months to 30-Jun-14	Audited Year to 31-Dec-14
Cash flows from/(used in) operating activities						
Cash generated from/(used in) operations	24,040	(9,030)	48,215	(1,169)	8,126	(1,307)
Interest and tax paid	(6,792)	(7,894)	(15,920)	(1,327)	(939)	(2,157)
Net cash from/(used in) operating activities	17,248	(16,924)	32,295	(2,496)	7,187	(3,464)
Investing activities						
Proceeds from sale of property, plant and investments	384	471	17,557	4	98	101
Interest received	1,171	344	2,283	4	106	128
Dividend received	-	475	2,496	3,125	475	6,678
Additions to property, plant and equipment	(5,466)	(8,347)	(22,663)	(25)	(14)	(16)
Net investments and loans	(26,287)	(9,389)	(23,254)	1,479	(10,044)	(4,506)
Net cash (used in)/from investing activities	(30,198)	(16,446)	(23,581)	4,587	(9,379)	2,385
Financing activities						
Proceeds from/(repayment of) long term borrowings	502	(1,001)	2,934	(939)	2,440	2,207
Dividends paid to shareholders of the Company	-	-	(1,263)	-	-	(1,263)
Dividend paid to non-controlling interest shareholders	(3,022)	(1,844)	(3,779)	-	-	-
Net cash from/(used in) financing activities	(2,520)	(2,845)	(2,108)	(939)	2,440	944
Net increase/(decrease) in cash and cash equivalents	(15,470)	(36,215)	6,606	1,152	248	(135)
Cash and cash equivalents at 1 January	61,593	54,987	54,987	(233)	(98)	(98)
Closing cash and cash equivalents	46,123	18,772	61,593	919	150	(233)

Statements of Changes in Equity

	GROUP AS AT 30 JUNE 2015			GROUP AS AT 31 DECEMBER 2014			COMPANY	
	Owner's Equity	Non Controlling Interest	Total	Owner's Equity	Non Controlling Interest	Total	30 JUNE 2015 Total	31 DEC 2014 Total
Balance as at 1 January	75,245	32,138	107,383	57,090	23,394	80,484	108,800	88,212
Comprehensive income for the period								
Profit for the period	3,557	6,189	9,746	11,248	10,886	22,134	851	2,788
Other comprehensive income	(50)	(47)	(97)	5,576	2,335	7,911	14,059	19,063
Fair value gains and losses	-	-	-	-	-	-	-	-
Total comprehensive income for the period	3,507	6,142	9,649	16,824	13,221	30,045	14,910	21,851
Transactions reported directly in equity	44	95	139	2,594	(698)	1,896	-	-
Dividend from/(to) equity holders	-	(3,022)	(3,022)	(1,263)	(3,779)	(5,042)	-	(1,263)
Balance as at period end	78,796	35,353	114,149	75,245	32,138	107,383	123,710	108,800

Segmental Performance

	Financial Services	Telecommunications	Energy	Consumer Goods	All other segments	Total
June 2015						
Revenue	22,301	26,824	5,361	17,183	1,120	72,789
Operating profit	11,340	5,031	899	(1,478)	(1,379)	14,413
Net finance charges	-	257	395	(123)	(756)	(227)
Income tax	(3,637)	(1,438)	(614)	-	(984)	(6,673)
Profit from equity accounted and discontinued companies	-	-	-	-	2,233	2,233
Profit/(loss) for the period	7,703	3,850	680	(1,601)	(886)	9,746
Capital additions	1,075	3,640	306	148	297	5,466
Total assets	221,908	68,097	12,116	7,690	33,652	343,463
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
Finance charges	-	64	118	23	(124)	81
Income tax	(3,210)	(2,025)	(474)	(42)	(318)	(6,069)
Profit from equity accounted companies and discontinued operations	-	-	-	-	2,177	2,177
Profit/(loss) for the period	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

Performance Highlights

The operating environment, characterized by compressed disposable income, high interest rates, volatile exchange rates and high inflation, had a negative impact on the performance of the Group. The results were further negatively affected by depressed gross margins due to stock losses in the Fast Moving Consumer Goods segment and operating inefficiencies in the Brewing and Bottling Group. The Group registered a 22% growth in sales revenue while profit after tax, at MK9.746 billion (2014:MK10.651 billion), was 9% lower than same period last year.

The Financial Services segment continued to be the main driver of the Group's results and registered a 11% growth in its earnings. The Telecommunications segment delivered excellent results with the mobile phone business registering a 24% growth in its revenues and a 43% growth in its earnings. The Mobile Phone Company made significant savings on interest costs following the restructuring of its debt capital by issuing a commercial paper. The fixed phone business, which is in the process of setting up an infrastructure company to streamline its operations and improve efficiency, achieved a 26% growth in its revenues.

The Energy segment delivered satisfactory results, more than doubled its earnings due to availability of raw materials at the beginning of the year, thus allowing an early start of production. The companies are importing raw materials from Sena (Mozambique) to supplement local supply. Plans to invest in raw materials production are at an advanced stage.

The Consumer Goods segment incurred a loss due to a decline in sales revenue and increased costs following the breakdown in controls in procurement and inventory management uncovered at the beginning of the year. The Board is confident of putting the company back on its feet and regaining its market share.

The search for a Joint Venture partner in the fishing business is now at an advanced stage following receipt of expression of interests from potential partners. The company plans to invest \$23 million in 2016 and 2017 in an intensive production facility to transform its operations.

Future Prospects

Prospects for the second half of the year point to a challenging operating environment with high inflation, a weakening local currency and low consumer spending. The Group is well positioned to remaining the dominant company in the private sector and is committed to delivering planned results under the circumstances.

Dividend

The Directors have proposed an interim dividend of MK480.80 million (2014: MK420.7 million) representing MK4.00 per share (2014: MK3.50 per share) to be paid on 30th October 2015 to those shareholders registered in the books of the company at the close of business on 25th September 2015.

Simon Itaye
Chairman
28th August 2015

Mathews A. P. Chikaonda
Group Chief Executive

Elizabeth Mafeni
Group Financial Controller