



PRESS CORPORATION PLC

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

In millions of Malawi Kwacha

STATEMENTS OF COMPREHENSIVE INCOME

	CONSOLIDATED			SEPARATE		
	Un-audited 30-Jun-19	Un-audited 30-Jun-18	Audited 31-Dec-18	Un-audited 30-Jun-19	Un-audited 30-Jun-18	Audited 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
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

	CONSOLIDATED			SEPARATE		
	Un-audited 30-Jun-19	Un-audited 30-Jun-18	Audited 31-Dec-18	Un-audited 30-Jun-19	Un-audited 30-Jun-18	Audited 31-Dec-18
ASSETS						
Non-current assets						
Property, plant and equipment, right of use assets and investment properties	131,201	113,060	121,460	895	817	803
Intangibles	22,690	20,505	22,690	213	223	218
Investments in subsidiaries, joint ventures and associates	49,856	53,590	49,112	319,075	300,488	304,622
Other investments	26,836	7,728	19,315	5,776	-	6,069
Loans and advances	124,685	63,626	73,717	-	-	-
Long term receivables and contract assets	1,532	-	1,706	1,403	2,160	1,403
Deferred tax assets	9,259	7,527	9,412	-	-	-
	366,059	266,036	297,412	327,362	303,688	313,115
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	2,213
Other current assets	11,132	13,112	12,959	418	271	376
Cash and cash equivalents	63,643	74,753	64,581	4,166	9,495	5,056
	292,805	331,703	324,961	6,053	13,053	7,645
	658,864	597,739	622,373	333,415	316,741	320,760
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	153,291	146,168	148,814	263,482	253,846	250,715
Total equity & earnings attributable to equity holders of the parent*	155,389	148,266	150,912	265,580	255,944	252,813
Minority interest	73,787	60,606	68,163	-	-	-
Total equity	229,176	208,872	219,075	265,580	255,944	252,813
Non-current liabilities						
Deferred tax liabilities	4,536	4,443	4,560	53,711	45,066	53,711
Deferred revenue	-	-	141	-	-	-
Borrowings, lease liability and provisions	50,062	25,871	47,386	8,095	12,086	8,217
	54,598	30,314	52,087	61,806	57,152	61,928
Current liabilities						
Bank overdraft	10,255	4,400	6,212	4,864	1,502	3,782
Borrowings and lease liability	3,430	22,153	4,232	102	1,149	221
Other current liabilities	361,405	332,000	340,767	1,063	994	2,016
	375,090	358,553	351,211	6,029	3,645	6,019
	429,688	388,867	403,298	67,835	60,797	67,947
Total liabilities	429,688	388,867	403,298	67,835	60,797	67,947
Total equity and liabilities	658,864	597,739	622,373	333,415	316,741	320,760

STATEMENTS OF CASH FLOWS

	Un-audited 30-Jun-19	Un-audited 30-Jun-18	Audited 31-Dec-18	Un-audited 30-Jun-19	Un-audited 30-Jun-18	Audited 31-Dec-18
Cash generated by / (used in) operations	24,887	20,786	40,889	(1,755)	(1,223)	(4,740)
Interest paid, tax paid and refund	(9,407)	(3,906)	(21,448)	(1,290)	(744)	(2,630)
Net cash from / (used in) operating activities	15,480	16,880	19,441	(3,045)	(1,967)	(7,370)
Investing activities						
Proceeds from sale of property, plant and investments	1,462	8,958	4,686	-	11	27
Interest received	777	965	2,326	160	453	933
Dividend received	-	850	2,514	2,575	5,121	10,129
Purchase of property, plant and equipment	(17,495)	(14,845)	(27,830)	(146)	(19)	(39)
Cash outflow on acquisition of an associate	-	(3,092)	-	-	(3,011)	-
Investment in subsidiaries	-	-	-	(1,173)	(11,115)	(9,327)
Net cash (used in) / from investing activities	(15,256)	(7,164)	(18,304)	1,416	(8,560)	1,723
Financing activities						
Net proceeds and repayment of long term borrowings	(2,750)	(7,358)	(3,462)	(343)	11,982	3,510
Dividends paid to shareholders of the Company	-	-	(3,127)	-	-	(3,127)
Dividend paid to non-controlling interest shareholders	(2,455)	(4,363)	(8,537)	-	-	-
Net cash used in financing activities	(5,205)	(11,721)	(15,126)	(343)	11,982	383
Net (decrease)/increase in cash and cash equivalents	(4,981)	(2,005)	(13,989)	(1,972)	1,455	(5,264)
Cash and cash equivalents at start of the year	58,369	72,358	72,358	1,274	6,538	6,538
Cash and cash equivalents at end of the year	53,388	70,353	58,369	(698)	7,993	1,274

STATEMENTS OF CHANGES IN EQUITY

	CONSOLIDATED		SEPARATE	
	Owner's Equity	Non Controlling interest	Total	Total
As at 30 June 2019				
Balance at 1 January 2019	150,912	68,163	219,075	252,813
Comprehensive income for the year	3,089	8,079	11,168	(220)
Profit for the year	1,388	-	1,388	12,987
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	4,477	8,079	12,556	12,767
Dividend to equity holders	-	(2,455)	(2,455)	-
Balance as at period end	155,389	73,787	229,176	265,580
As at 31 December 2018				
Balance at 1 January 2018	125,557	56,287	181,844	213,174
Comprehensive income for the year	18,373	18,340	36,713	4,050
Profit for the year	4,819	2,850	7,669	38,716
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	23,192	21,190	44,382	42,766
Transactions reported directly in equity	5,290	(777)	4,513	-
Dividend to equity holders	(3,127)	(8,537)	(11,664)	(3,127)
Balance as at period end	150,912	68,163	219,075	252,813

SEGMENTAL PERFORMANCE

	Financial Services	Telecommu- nications	Energy	Consumer Goods	All other segments	Total
June 2019						
Revenue	35,591	49,550	6,583	11,687	1,346	104,757
External revenues	455	1,757	-	9	340	2,561
Inter-segment revenue	36,046	51,307	6,583	11,686	1,006	107,318
Segment operating profit/(loss)	13,321	10,816	434	(973)	955	24,553
Segment interest income	-	21	513	-	165	699
Segment interest expense	-	(2,432)	(1)	(684)	(1,280)	(4,397)
Segment income tax expense	(4,194)	(2,889)	(389)	-	(290)	(7,762)
Segment Profit/(Loss)	9,127	5,516	557	(1,657)	(450)	13,093
Depreciation and amortisation	1,770	6,959	289	538	243	9,799
Segment assets	444,797	115,440	22,939	7,551	350,847	941,574
Segment liabilities	352,281	61,790	3,877	14,306	75,294	507,548
Reconciliation of profit on reportable segments to IFRS measures						
Total profit/(loss) for reportable segments	9,127	5,516	557	(1,657)	(450)	13,093
Elimination of dividend income from Group companies	-	-	-	-	(2,575)	(2,575)
Share of profit of equity accounted investees	-	-	-	-	642	642
Profit for discontinued operation	-	-	-	-	8	8
Consolidated profit	9,127	5,516	557	(1,657)	(2,375)	11,168
June 2018						
Revenue	30,999	44,843	5,545	13,767	1,464	96,618
External revenues	742	2,979	-	3	364	4,088
Inter-segment revenue	31,741	47,822	5,545	13,770	1,828	100,706
Segment operating profit/(loss)	12,823	13,593	(180)	(721)	3,037	28,552
Segment interest income	-	12	386	4	445	847
Segment interest expense	-	(2,244)	-	(480)	(587)	(3,311)
Segment income tax (expense)/credit	(4,283)	(3,321)	(350)	-	(514)	(8,419)
Segment Profit/(Loss)	8,540	8,040	(144)	(1,148)	2,381	17,669
Depreciation and amortisation	2,118	5,500	171	151	86	8,026
Segment assets	409,081	91,653	20,551	5,999	328,250	855,534
Segment liabilities	328,169	50,083	3,642	10,426	67,583	459,903
Reconciliation of profit on reportable segments to IFRS measures						
Total profit/(loss) for reportable segments	8,540	8,040	(144)	(1,148)	2,381	17,669
Adjustment due to different accounting policies	-	677	-	-	-	677
Elimination of dividend income from Group companies	-	-	-	-	(5,121)	(5,121)
Share of profit of equity accounted investees	-	-	-	-	1,372	1,372
Profit on loss of control of a subsidiary	-	-	-	-	8,478	8,478
Profit for discontinued operation	-	-	-	-	4	4
Consolidated profit	8,540	8,717	(144)	(1,148)	7,114	23,079

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, 2019.

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-engine