



PRESS CORPORATION LIMITED

EXTRACTS FROM THE UNAUDITED INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2016

In millions of Malawi Kwacha

Statements of Comprehensive Income

	GROUP			COMPANY		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	6 months	6 months	12 months	6 months	6 months	12 months
	30-Jun-16	30-Jun-15	31-Dec-15	30-Jun-16	30-Jun-15	31-Dec-15
Continuing operations						
Revenue	86,253	72,789	161,136	3,460	3,279	6,970
Operating profit	15,774	14,413	29,711	2,075	2,140	4,329
Net interest paid	(2,894)	(2,068)	(4,544)	(1,020)	(975)	(1,661)
Exchange (losses)/gain	(1,544)	1,841	(5,684)	-	(1)	11
Net finance cost	(4,438)	(227)	(10,228)	(1,020)	(976)	(1,650)
Share of profit of equity-accounted investments	2,931	2,230	6,106	-	-	-
Profit before income tax	14,267	16,416	25,589	1,055	1,164	2,679
Income tax expense	(6,168)	(6,673)	(13,350)	(326)	(313)	(668)
Profit for the year from continuing operations	8,099	9,743	12,239	729	851	2,011
Discontinued operations						
Profit from discontinued operations	4	3	5	-	-	-
Profit for the year	8,103	9,746	12,244	729	851	2,011
Total other comprehensive income net of tax	2,136	(97)	16,955	-	14,059	10,100
Total comprehensive income for the year	10,239	9,649	29,199	729	14,910	12,111
Profit attributable to:						
Equity holders of the compny	3,373	3,557	4,197	810	851	2,011
Non-controlling interest	4,730	6,189	8,047	-	-	-
	8,103	9,746	12,244	810	851	2,011
Total comprehensive income attributable to:						
Equity holders of the compny	5,348	3,507	18,530	810	14,910	12,111
Non-controlling interest	4,891	6,142	10,669	-	-	-
	10,239	9,649	29,199	810	14,910	12,111
Earnings per share						
Basic and diluted earnings per share (MK)	28.06	29.59	34.92			
Basic and diluted earnings per	28.03	29.57	34.88			

Statements of Financial Position

	30-Jun-16	30-Jun-15	31-Dec-15	30-Jun-16	30-Jun-15	31-Dec-15
ASSETS						
Non-current assets						
Property, plant and equipment	111,057	90,294	108,266	989	1,186	1,038
Investment properties	5,000	3,240	4,783	-	-	-
Other investments	37,588	23,429	34,368	151,978	149,305	151,978
Loans and advances	45,714	23,479	40,502	-	4	-
Deferred tax assets	4,589	4,143	4,098	-	-	-
	203,948	144,585	192,017	152,967	150,495	153,016
Current assets						
Inventories	9,703	9,005	10,303	15	11	17
Loans and advances	79,205	44,840	70,535	-	-	-
Other investments	75,671	65,889	74,525	-	-	-
Trade and other receivables	24,631	30,390	21,641	2,116	1,027	1,482
Cash and cash equivalents	59,940	48,754	59,624	151	982	72
	249,150	198,878	236,628	2,282	2,020	1,571
Total assets	453,098	343,463	428,645	155,249	152,515	154,587
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	92,630	76,698	89,600	118,060	121,612	117,250
attributable to equity holders of the parent	94,728	78,796	91,698	120,158	123,710	119,348
Minority interest	43,578	35,353	38,710	-	-	-
Total equity	138,306	114,149	130,408	120,158	123,710	119,348
Non-current liabilities	11,400	18,561	11,883	28,933	25,534	29,363
Current liabilities						
Bank overdraft	7,376	2,631	8,662	225	63	680
Interest bearing loans and borrowings	24,116	14,682	26,291	1,865	1,878	1,878
Customer deposits	225,135	144,489	211,852	-	-	-
Provisions	2,534	2,037	3,521	71	81	71
Trade and other payables	44,231	46,914	36,028	3,997	1,249	3,247
	303,392	210,753	286,354	6,158	3,271	5,876
Total liabilities	314,792	229,314	298,237	35,091	28,805	35,239
Total equity and liabilities	453,098	343,463	428,645	155,249	152,515	154,587

Statements of Cash Flows

	GROUP			COMPANY		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	6 months	6 months	12 months	6 months	6 months	12 months
	30-Jun-16	30-Jun-15	31-Dec-15	30-Jun-16	30-Jun-15	31-Dec-15
Cash flows from/(used in) operating activities						
Cash generated from/(used in) operations	27,484	24,040	64,306	(963)	(1,169)	(1,029)
Interest and tax paid	(10,431)	(6,792)	(23,333)	(1,278)	(1,327)	(2,310)
Net cash from/(used in) operating activities	17,053	17,248	40,973	(2,241)	(2,496)	(3,339)
Investing activities						
Proceeds from sale of property, plant and investments	3,557	384	12,812	3	4	172
Interest received	1,301	1,171	2,387	85	4	70
Dividend received	1,049	-	1,716	3,264	3,125	6,249
Additions to property, plant and equipment	(9,957)	(5,466)	(17,248)	(12)	(25)	(86)
Acquisition of a subsidiary	-	-	(575)	-	-	-
Net investments and loans	(3,896)	(26,287)	(43,638)	-	1,479	-
Net cash (used in)/from investing activities	(7,946)	(30,198)	(44,546)	3,340	4,587	6,405
Financing activities						
Proceeds from/(repayment of) long term borrowings	(5,249)	502	(455)	(565)	(939)	(1,878)
Dividends paid to shareholders of the Company	-	-	(1,563)	-	-	(1,563)
Dividend paid to non-controlling interest shareholders	(2,256)	(3,022)	(5,040)	-	-	-
Net cash used in financing activities	(7,505)	(2,520)	(7,058)	(565)	(939)	(3,441)
Net (decrease)/increase in cash and cash equivalents	1,602	(15,470)	(10,631)	534	1,152	(375)
Cash and cash equivalents at 1 January	50,962	61,593	61,593	(608)	(233)	(233)
Closing cash and cash equivalents	52,564	46,123	50,962	(74)	919	(608)

Statements of Changes in Equity

	GROUP AS AT 30 JUNE 2016			GROUP AS AT 31 DECEMBER 2015			COMPANY	
	Owner's Equity	Non Controlling Interest	Total	Owner's Equity	Non Controlling Interest	Total	30 JUNE 2016	31 DEC 2015
							Total	Total
Balance as at 1 January	91,698	38,710	130,408	74,731	32,138	106,869	119,348	108,800
Comprehensive income for the year								
Profit for the year	3,373	4,730	8,103	4,197	8,047	12,244	810	2,011
Other comprehensive income	1,975	161	2,136	14,333	2,622	16,955	-	10,100
	5,348	4,891	10,239	18,530	10,669	29,199	810	12,111
(100)	-	15	(85)	-	943	943	-	-
(2,218)	(38)	(2,256)	(1,563)	(5,040)	(6,603)	(6,603)	-	(1,563)
94,728	43,578	138,306	91,698	38,710	130,408	120,158	119,348	
Balance as at period end								

Segmental Performance

	Financial Services	Telecoms	Energy	Consumer Goods	All other segments	Total
June 2016						
Revenue	30,179	34,043	4,309	16,405	1,317	86,253
Operating profit	11,621	6,001	378	(769)	(1,457)	15,774
Net finance charges	-	(4,033)	417	(222)	(600)	(4,438)
Income tax	(3,673)	(1,404)	(383)	-	(708)	(6,168)
Profit from equity accounted and discontinued companie	-	-	-	-	2,935	2,935
	7,948	564	412	(991)	170	8,103
Profit/(loss) for the year	4,002	4,091	1,534	25	305	9,957
Capital additions	308,951	76,604	11,851	7,164	48,528	453,098
Total assets	243,624	52,921	2,785	9,682	5,780	314,792
December 2015						
Revenue	45,656	59,148	14,729	39,164	2,439	161,136
Operating profit	18,880	12,552	3,216	(1,761)	(3,171)	29,716
Finance charges	-	(9,467)	886	(418)	(1,229)	(10,228)
Income tax	(6,230)	(2,914)	(1,321)	(382)	(2,503)	(13,350)
Profit from equity accounted companies	-	-	-	-	6,106	6,106
Profit/(loss) for the year	12,650	171	2,781	(2,561)	(797)	12,244
Capital additions	3,291	11,705	745	583	924	17,248
Total assets	284,223	78,542	12,935	8,299	44,646	428,645
Total Liabilities	223,467	54,270	3,697	9,655	7,148	298,237

Performance Highlights

The Group registered 18% growth in sales revenue while profit after tax, at MK8.099 billion (2015:MK9.743 billion), was 17% lower than same period last year. The performance was against a back drop of a continued dampened operating environment characterized by compressed demand, a weakening local currency, high interest rates and high inflation. The results are after taking into account an exchange loss amounting to MK1.544 billion (2015:MK1.841 billion exchange gain) following the depreciation of the Malawi Kwacha against major currencies.

The Financial Services Segment continued to be the main driver of the Group's results and registered a 32% growth in its revenues. The bank's profit was however negatively affected by additional costs from Indebank as the integration process was being finalized. Overheads are expected to normalize once the operations of Indebank are fully integrated into National Bank of Malawi.

The Telecommunications Segment registered a 29% increase in its revenues but its profit after tax was negatively impacted by exchange losses and high interest costs. The fixed phone business was successfully unbundled. A new company, Open Connect Limited (OCL), was incorporated to manage the Fiber Optic Cable (FOC) business as an open access company for all operators. As part of the unbundling, the FOC was, together with the related foreign loans, transferred to OCL from MTL. OCL successfully refinanced part of the foreign loans with a local 5 year Corporate Bond to stop further exchange losses. The search for a strategic partner in OCL is progressing well.

The Energy segment delivered satisfactory results. Its revenues were however 12% lower than same period last year because of lower carry over stock in PressCane compared to 2015. Similarly, the depreciation of the Malawi Kwacha put pressure on gross margins as the price of molasses is in US Dollars.

The Consumer Goods segment made a loss, albeit, lower than same period last year, due to improvements in gross margins. The Board approved a MK2billion capital injection in PTC to recapitalize the company following massive stock losses uncovered at the end of 2014. The fish production business registered significant improvement in its performance due to better catches from trawl fishing and improvement in production efficiencies in aquaculture. Year on year, sales volume was 38% up while gross margins were up 116%. Discussions with one of the potential technical partners are progressing well.

Outlook

Prospects for 2016 point to a continued challenging operating environment with high inflation, a weakening local currency and low consumer spending. Building on the Group's strength of a widely diversified portfolio and impeccable resilience, Management is committed to delivering planned results under the circumstances.

The acquisition by Castel Group, of the entire shareholding of Carlsberg Group AS, in Carlsberg Malawi will strengthen the Group's expansion drive. Castel is the largest wine producer in Europe and the second in beers and soft drinks in Africa. It is an internationally recognized name with an established presence in over 130 countries on all five continents. The company has expanded into developing markets including Africa, where they have built eighty two (82) plants/breweries. Castel Group and Carlsberg Group AS have signed a renewable ten year license agreement to continue production of the Carlsberg brands in Malawi.

Dividend

The Directors have proposed that no interim dividend be paid (2015: MK420.7 million representing MK3.50 per share). The decision has been made in light of the need for capital injection in PTC which will come from internally generated funds. The situation will be reviewed periodically.

Patrick Khembo Chairman	Mathews A. P. Chikaonda Group Chief Executive	Elizabeth Mafeni Group Financial Controller
----------------------------	--	--