



PRESS CORPORATION PLC

SUMMARY OF UN-AUDITED RESULTS FOR THE PERIOD ENDED 30 JUNE 2020

STATEMENTS OF COMPREHENSIVE INCOME

	CONSOLIDATED			SEPARATE		
	Un-audited 30-Jun-20	Un-audited 30-Jun-19	Audited 31-Dec-19	Un-audited 30-Jun-20	Un-audited 30-Jun-19	Audited 31-Dec-19
Continuing operations						
Revenue	103,657	104,757	220,066	349	213	431
Dividend income	-	-	-	2,091	2,575	10,454
Earnings before interest, tax, depreciation and amortisation	32,558	30,620	65,844	103	820	6,897
Depreciation and amortisation	(9,994)	(9,270)	(19,799)	(54)	(60)	(121)
Results from operating activities	22,564	21,350	46,045	49	760	6,776
Net interest paid	(3,399)	(2,860)	(7,160)	(790)	(722)	(1,426)
Exchange losses	(22)	(209)	(103)	-	-	-
Net finance cost	(3,421)	(3,069)	(7,263)	(790)	(722)	(1,426)
Share of profit of equity-accounted investments	918	642	3,415	-	-	-
Profit before income tax	20,061	18,923	42,197	(741)	38	5,350
Income tax expense	(7,376)	(7,763)	(17,510)	(209)	(258)	(994)
Profit for the year from continuing operations	12,685	11,160	24,687	(950)	(220)	4,356
Discontinued operations						
Profit from discontinued operations	8	8	71	-	-	-
Profit for the year	12,693	11,168	24,758	(950)	(220)	4,356
Total other comprehensive income net of tax	(394)	1,388	3,062	12,886	12,987	23,233
Total comprehensive income for the year	12,299	12,556	27,820	11,936	12,767	27,589
Profit attributable to:						
Equity holders of the company	3,773	3,089	8,157	(950)	(220)	4,356
Non-controlling interest	8,920	8,079	16,601	-	-	-
Total comprehensive income attributable to:	12,693	11,168	24,758	(950)	(220)	4,356
Earnings per share						
Basic and diluted earnings per share (MK)	31.39	25.70	67.86			
"Basic and diluted earnings per share (MK) (continuing operations)"	31.32	25.63	67.27			

STATEMENTS OF FINANCIAL POSITION

	CONSOLIDATED			SEPARATE		
	Un-audited 30-Jun-20	Un-audited 30-Jun-19	Audited 31-Dec-19	Un-audited 30-Jun-20	Un-audited 30-Jun-19	Audited 31-Dec-19
ASSETS						
Non-current assets						
Property, plant and equipment, right of use assets and investment properties	146,312	131,201	142,063	1,177	895	1,203
Intangibles	22,799	22,690	23,547	219	213	210
Investments in subsidiaries, joint ventures and associates	49,353	49,856	48,694	359,695	319,075	346,540
Other investments	82,490	26,836	52,362	4,708	5,776	3,963
Loans and advances	142,114	124,685	100,048	-	-	-
Long term receivables and contract assets	2,211	1,532	2,132	1,541	1,403	1,473
Deferred tax assets	9,682	9,259	10,084	-	-	-
	454,961	366,059	378,930	367,340	327,362	353,389
Current assets						
Other investments	91,789	126,312	127,574	-	-	-
Loans and advances	58,604	57,708	81,790	-	-	-
Trade and other receivables and contract assets	30,253	34,010	27,895	2,516	1,469	3,007
Other current assets	10,139	11,132	12,282	458	418	311
Cash and cash equivalents	73,098	63,643	58,934	155	4,166	2,432
	263,883	292,805	308,475	3,129	6,053	5,750
Total assets	718,844	658,864	687,405	370,469	333,415	359,139
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	158,681	153,291	155,302	287,113	263,482	275,177
Total equity & earnings attributable to equity holders of the parent	160,779	155,389	157,400	289,211	265,580	277,275
Minority interest	84,625	73,787	78,063	-	-	-
Total equity	245,404	229,176	235,463	289,211	265,580	277,275
Non-current liabilities						
Deferred tax liabilities	5,286	4,536	5,521	67,915	53,711	67,916
Deferred revenue	119	-	119	-	-	-
Borrowings, lease liability and provisions	57,896	50,062	44,122	8,150	8,095	8,173
	63,301	54,598	49,762	76,065	61,806	76,089
Current liabilities						
Bank overdraft	9,277	10,255	7,986	4,025	4,864	4,251
Borrowings and lease liability	5,764	3,430	19,468	52	102	58
Other current liabilities	395,098	361,405	374,726	1,116	1,063	1,466
	410,139	375,090	402,180	5,193	6,029	5,775
Total liabilities	473,440	429,688	451,942	81,258	67,835	81,864
Total equity and liabilities	718,844	658,864	687,405	370,469	333,415	359,139

STATEMENTS OF CASH FLOWS

	CONSOLIDATED			SEPARATE		
	Un-audited 30-Jun-20	Un-audited 30-Jun-19	Audited 31-Dec-19	Un-audited 30-Jun-20	Un-audited 30-Jun-19	Audited 31-Dec-19
Cash generated by / (used in) operations						
Interest paid, tax paid and refund	40,953	24,887	47,398	-	-	-
Net cash from / (used in) operating activities	(12,522)	(9,407)	(22,178)	(1,358)	(1,290)	(2,764)
	28,431	15,480	25,220	(3,163)	(3,045)	(7,914)
Investing activities						
Proceeds from sale of property, plant and equipment	119	1,462	2,117	-	-	-
Interest received	910	777	1,614	103	160	373
Dividend received	-	-	3,464	2,091	2,575	10,454
Purchase of property, plant and equipment	(9,472)	(17,495)	(27,979)	(37)	(146)	(54)
Investment in subsidiaries	-	-	-	(1,016)	(1,173)	(2,493)
Net cash (used in) / from investing activities	(8,443)	(15,256)	(20,784)	1,141	1,416	8,280
Financing activities						
Net proceeds and repayment of long term borrowings and leasing liabilities	(4,757)	(2,750)	(619)	(29)	(343)	(332)
Dividends paid to shareholders of the Company	-	-	(3,127)	-	-	(3,127)
Dividend paid to non-controlling interest shareholders	(2,358)	(2,455)	(8,111)	-	-	-
Net cash used in financing activities	(7,115)	(5,205)	(11,857)	(29)	(343)	(3,459)
Net decrease in cash and cash equivalents	12,873	(4,981)	(7,421)	(2,051)	(1,972)	(3,093)
Cash and cash equivalents at start of the year	50,948	58,369	58,369	(1,819)	1,274	1,274
Cash and cash equivalents at end of the year	63,821	53,388	50,948	(3,870)	(698)	(1,819)

STATEMENTS OF CHANGES IN EQUITY

	CONSOLIDATED			SEPARATE
	Owner's Equity	Non Controlling interest	Total	
	157,400	78,063	235,463	277,275
	3,773	8,920	12,693	(950)
	(394)	-	(394)	12,886
	3,379	8,920	12,299	11,936
	-	-	-	-
	-	(2,358)	(2,358)	-
	160,779	84,625	245,404	289,211
	150,912	68,163	219,075	252,813
	8,157	16,601	24,758	4,356
	1,560	1,502	3,062	23,233
	9,717	18,103	27,820	27,589
	(102)	(92)	(194)	-
	(3,127)	(8,111)	(11,238)	(3,127)
	157,400	78,063	235,463	277,275

As at 30 June 2020			
Balance at 1 January 2020			
Comprehensive income for the year			
Profit/(loss) for the year			
Other comprehensive income			
Total comprehensive income for the year			
Transactions reported directly in equity			
Dividend to equity holders			
Balance as at period end			
As at 31 December 2019			
Balance at 1 January 2019			
Comprehensive income for the year			
Profit for the year			
Other comprehensive income			
Total comprehensive income for the year			
Transactions reported directly in equity			
Dividend to equity holders			
Balance as at period end			

SEGMENTAL PERFORMANCE

June 2020					
Revenue	38,018	46,830	8,154	9,442	1,213
External revenues	340	1,260	-	4	434
Inter-segment revenue	38,358	48,090	8,154	9,446	1,647
Segment revenue	16,415	8,718	1,573	(1,403)	(150)
Segment operating profit/(loss)	-	118	605	1	106
Segment interest income	(267)	(2,429)	(3)	(769)	(1,281)
Segment interest expense	(4,228)	(2,219)	(692)	-	(237)
Segment income tax expense	11,920	4,188	1,483	(2,171)	(1,562)
Segment Profit/(loss)	2,023	7,765	307	522	268
Depreciation and amortization	487,262	129,434	26,094	5,662	375,698
Segment assets	376,118	75,390	4,375	15,924	80,206
Segment liabilities	1,362	7,172	682	90	164
Capital additions					
Reconciliation of profit on reportable segments to IFRS measures					
Total profit/(loss) for reportable segments	11,920	4,188	1,483	(2,171)	(1,562)
Elimination of dividend income from Group companies	-	-	-	-	(2,091)
Share of profit of equity accounted investees	-	-	-	-	918
Profit for discontinued operation	-	-	-	-	8
Consolidated profit	11,920	4,188	1,483	(2,171)	(2,727)
June 2019					
Revenue					
External revenues	35,591	49,550	6,583	11,687	1,346
Inter-segment revenue	455	1,757	-	9	340
Segment revenue	36,046	51,307	6,583	11,696	1,686
Segment operating profit/(loss)	13,321	10,816	434	(973)	955
Segment interest income	-	21	513	-	165
Segment interest expense	-	(2,432)	(1)	(684)	(1,280)
Segment income tax (expense)/credit	(4,194)	(2,889)	(389)	-	(290)
Segment Profit/(loss)	9,127	5,516	557	(1,657)	(450)
Depreciation and amortization	1,770	6,959	289	538	243
Segment assets	444,797	115,440	22,939	7,551	350,847
Segment liabilities	352,281	61,790	3,877	14,306	75,294
Capital additions	3,873	9,945	726	178	626
Reconciliation of profit on reportable segments to IFRS measures					
Total profit/(loss) for reportable segments	9,127	5,516	557	(1,657)	(450)
Elimination of dividend income from Group companies	-	-	-	-	(2,575)
Share of profit of equity accounted investees	-	-	-	-	642
Profit for discontinued operation	-	-	-	-	8
Consolidated profit	9,127	5,516	557	(1,657)	(2,375)

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-month period ended 30th June, 2020. In its statement dated 29th June 2020, the Board had initially stated that the results were likely going to be more than 20% below last year. The assumption was based on the projections on the impact of the COVID-19 pandemic on the Group's operations . It has however turned out that the actual impact is much lower than had been expected.

Group profit after tax for the period was MK12.693 billion (2019: MK11.168 billion) representing a 14% increase. These results were achieved in spite of a challenging operating environment orchestrated by political uncertainties and a tense atmosphere in the run up to the fresh presidential elections as well as the impact of the COVID-19 pandemic which has had a significant impact on the economy. Demand for goods and services remained subdued translating into a negative impact on revenue generation than would otherwise be the case.

SEGMENTAL PERFORMANCE

The Financial Services Segment (National Bank of Malawi PLC)

The Bank delivered satisfactory results driven by a 16% increase in non-interest income and a 7% and 11% growth in customer deposits and the loan book respectively. Going forward, increase in non-performing loans in the midst of the Covid-19 Pandemic poses a major risk.

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

The segment registered a 24% decline in its profit after tax. The fixed line company continued to make losses, albeit, lower than same period last year. The mobile phone company registered a 29% decline on its net earnings. The general trend of reduction in voice usage and the mandatory order by the regulator to lower costs by 40% on all mobile money transactions could not be compensated by the revenues emanating from the increase in data usage.

The Energy Segment (ethanol manufacturing: PressCane and Ethco)

The segment delivered excellent results and more than doubled its profit after tax. The upside was from a new product line of hand sanitizers in the wake of the COVID-19 pandemic, the production of which was supplemented by carry-over feedstock.

The Consumer Goods Segment (retail chain: Peoples)

Peoples made a loss but is expected to improve following a change in strategy to reduce the company's footprint and streamline operations to improve efficiency and reposition the company as an upmarket brand.

All-Other Segment: (fish farming: Maldeco; and real estat; Press Properties)

The Foods Company could not meet planned revenues due to the impact of COVID-19 on the supply of feed. Business is expected to pick up as the pandemic situation improves. Likewise, the real estate business registered a decline in its net profit due to the impact of the pandemic on the business.

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)

The segment delivered excellent results and the Group's share of profit increased by 43%. The performance was driven by improved results in the brewing and bottling business which registered an 89% improvement in its profitability. Both the fuel distribution and the steel manufacturing businesses registered a decline in their profit after tax on account of the impact of Covid 19. Similarly, the tobacco processing business reported lower revenues due to delays in shipping of its tobacco occasioned by the Withhold Release Order by the US government on Malawi tobacco which has since been lifted.

OUTLOOK

The economic outlook for Malawi appears promising following the successful fresh presidential elections, while the COVID-19 pandemic continues to present a significant downside risk to the economy. Building on the strength of being reasonably diversified, the Group is positioned for continued satisfactory performance.

DIVIDEND

Directors have resolved to pay an interim dividend amounting to MK721.20 million (2019: MK721.20) representing MK6.00 per share (2019:MK6.00 per share). The dividend will be paid on Friday, 23rd October 2020 to members whose names appear on the register as at the close of business on 16th October 2020.

Randson Mwadiwa
Chairman

George Partridge (Dr)
Group Chief Executive

Betty Mahuka
Director

Elizabeth Mafeni (Mrs)
Group Financial Controller