

### PERFORMANCE

The company achieved strong levels of service revenue growth during the first six months of 2015 despite aggressive competitor activity in a difficult trading environment. Severe flooding affected many parts of the country creating operational challenges and negatively impacting disposable incomes of consumers.

Persistent high inflation and exchange rate volatility continue to have an adverse effect on the profitability of the business and the EBITDA margin decreased to 32% (2014 - 34%) during the first 6 months.

TNM recorded a net profit after taxation for the six months ended 30 June 2015 of MK 2,6 billion, which represents a 43% increase from the MK 1,8 billion recorded in the first six months of 2014.

The company restructured the maturity profile of debt carried on its balance sheet, replacing MK5.0 billion of its short term bank facilities with commercial debt which is repayable over a period of 5 years at a significantly lower level of interest cost.

TNM implemented a coverage expansion project for the network in Blantyre City and surrounding areas which resulted in a significant improvement in network quality and an increase in the rate of new subscriber acquisitions. Significant progress has been made with the preliminary preparations for investment in a fibre optic network and the

### OUTLOOK

We expect the challenging business environment with high levels of inflation, high interest rates and a volatile exchange rate, to continue for the second half of 2015. The anticipated impact thereof on TNM is a moderation in the levels of growth achievable by the company for the full financial year

### DIVIDENDS

The Directors have approved a first interim dividend of MK 1,004 million, equivalent to 10 tambala per share, payable on 28th August 2015 to shareholders appearing in the register at the close of business on 21st August 2015. The register of members will be closed from 24th August 2015 to 26th August 2015 both dates inclusive.

## Using technology to build the future

### KEY ACHIEVEMENTS IN 2014

**12% GROWTH**  
in subscriber base



### COVERAGE

expansion of the network in the Blantyre city and surrounding areas



### TBS

Established TNM Business Services based on the BURCO ISP business



### KEY FINANCIAL HIGHLIGHTS

**24%**  
SERVICE REVENUE GROWTH

**K 21,484**  
MILLION

**20%**  
INCREASE IN EBITDA

**K 7,225**  
MILLION

**43%**  
INCREASE IN NET PROFIT  
(AFTER TAXATION)

**K 2,639**  
MILLION

**CAPEX**  
INFRASTRUCTURE INVESTMENT

**K 3,548**  
MILLION

**ARPU**  
AVERAGE REVENUE PER USER

**K 1,372**

**EARNINGS**

**K 0.26**  
PER SHARE

*TNM as a Malawian company is committed to be a sustainable and profitable business which will continue to invest in infrastructure in our country and contribute significantly to building the Great Nation of Malawi.*

### STATEMENT OF COMPREHENSIVE INCOME in millions of Malawi Kwacha

	Unaudited six months to 30 June 2015	Unaudited six months to 30 June 2014	Audited year ended 30 Dec 2014
Service Revenue	21,484	17,285	40,017
Hardware and Equipment Revenue	305	237	500
Total Revenue	21,789	17,522	40,517
Direct Operational Costs	(9,833)	(8,047)	(17,659)
Gross profit	11,956	9,475	22,858
Other Income	451	431	780
Selling and administrative expenses	(5,182)	(3,874)	(9,070)
Earnings before interest, tax, depreciation and amortisation	7,225	6,032	14,568
Depreciation and Amortisation	(2,596)	(1,957)	(4,045)
Results from operating activities	4,629	4,075	10,523
Finance Income	19	67	91
Finance expenses	(772)	(1,368)	(2,978)
Net finance expense	(753)	(1,301)	(2,887)
Profit before income tax	3,876	2,774	7,636
Taxation	(1,237)	(934)	(2,393)
Profit for the period	2,639	1,840	5,243
Other comprehensive income	-	-	-
Total comprehensive income	2,639	1,840	5,243
Movement in retained earnings			
Retained earnings brought forward	10,500	7,164	7,164
Profit for the period	2,639	1,840	5,243
Dividend declared	(1,004)	(502)	(1,907)
Retained earnings carried forward	12,135	8,502	10,500
Basic earnings per share (MK)	0.26	0.18	0.52
Dividend per share	0.10	0.05	0.19
Number of ordinary shares in issue (millions)	10,040	10,040	10,040

### STATEMENT OF CASHFLOWS in millions of Malawi Kwacha

	Unaudited six months to 30 June 2015	Unaudited six months to 30 June 2014	Audited year ended 30 Dec 2014
Operating activities			
Cash receipts from customers	20,125	27,309	39,049
Cash paid to suppliers and employees	(17,371)	(20,882)	(17,779)
Cash generated from operations	2,754	6,427	21,270
Interest paid	(1,363)	(1,405)	(2,557)
Income tax paid	(1,202)	(1,279)	(2,414)
Cash flows generated by operating activities	189	3,743	16,299
Investing activities			
Interest received	19	68	91
Purchase of property, plant and equipment	(2,943)	(5,438)	(9,465)
Purchase of software	(605)	(278)	(4,739)
Proceeds from sale of property, plant and equipment	26	9	16
Net cash used in investing activities	(3,503)	(5,639)	(14,097)
Financing activities			
Repayments of loans	(862)	(733)	(1,439)
Receipts of loans	5,000	-	180
Deferred payment facility	(233)	2,140	4,250
Payment of dividends	(703)	(301)	(1,506)
Net cash generated from financing activities	3,202	1,106	1,485
Net (decrease) / increase in cash and cash equivalents	(112)	(790)	3,687
Cash and cash equivalents at beginning of year	(888)	(4,575)	(4,575)
Cash and cash equivalents at end of the period	(1,000)	(5,365)	(888)

### STATEMENT OF FINANCIAL POSITION in millions of Malawi Kwacha

	Unaudited as at 30 June 2015	Unaudited as at 30 June 2014	Audited as at 30 Dec 2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	24,795	21,698	23,927
Intangible Assets	5,943	1,742	5,887
Total Non-current Assets	30,738	23,440	29,814
CURRENT ASSETS			
Inventories	1,184	391	1,116
Trade and other receivables	5,128	5,641	4,962
Amount due from related companies	67	40	60
Bank and cash balances	1,525	748	3,655
Total Current Assets	7,904	6,820	9,793
TOTAL ASSETS	38,642	30,260	39,607
EQUITY AND LIABILITIES			
SHAREHOLDERS EQUITY			
Share capital	402	402	402
Share premium	2,347	2,347	2,347
Retained earnings	12,135	8,502	10,500
Total Equity	14,884	11,251	13,249
NON-CURRENT LIABILITIES			
Deferred tax	165	59	32
Long-term portion of interest bearing loans	5,000	2,443	278
Long-term portion of deferred payment facility	991	-	2,407
Total Non-current Liabilities	6,156	2,502	2,717
CURRENT LIABILITIES			
Trade and other payables	6,718	5,820	11,729
Current portion of interest bearing loans	1,060	2,114	1,664
Current portion of deferred payment facility	3,336	-	2,229
Deferred income	1,905	1,385	1,609
Dividend payable	1,004	502	703
Income tax payable	822	573	922
Bank overdraft	2,525	6,113	4,543
Amounts due to related parties	232	-	242
Total Current Liabilities	17,602	16,507	23,641
TOTAL LIABILITIES	23,758	19,009	26,358
TOTAL EQUITY AND LIABILITIES	38,642	30,260	39,607

**WIDE COVERAGE  
IN BLANTYRE**  
experience a  
better network

