PRESS CORPORATION PLC
SUMMARY OF UN-AUDITED RESULTS FOR THE PERIOD ENDED 30 JUNE 2017

In millions of Malawi Kwacha

	CONSOLIDATED			SEPARATE		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	30-Jun-17	30-Jun-16	31-Dec-16 Restated	30-Jun-17	30-Jun-16	31-Dec-16
Statements of Comprehensive Income						
Continuing operations						
Revenue	**91,556**	86,253	188,857	**4,384**	3,460	7,271
	17,014	15,774	33,869	**1,753**	2,075	3,775
Net interest paid	**(4,678)**	(2,894)	(7,571)	**(1,154)**	(1,020)	(1,902)
Exchange (losses)/gain	**(52)**	(1,544)	(2,099)	**-**	-	3
Net finance cost	**(4,730)**	(4,438)	(9,670)	**(1,154)**	(1,020)	(1,899)
Share of profit of equity-accounted investments	**1,950**	2,549	5,543	**-**	-	-
Profit before income tax	**14,234**	13,885	29,742	**599**	1,055	1,876
Income tax expense	**(7,171)**	(5,786)	(14,418)	**(416)**	(326)	(688)
Profit for the year from continuing operations	**7,063**	8,099	15,324	**183**	729	1,188
Discontinued operations						
(Loss)/Profit from discontinued operations	**(2)**	4	5	**-**	-	-
Profit for the period	**7,061**	8,103	15,329	**183**	729	1,188
Total other comprehensive income net of tax	**403**	2,136	7,977	**14,623**	-	60,809
Total comprehensive income for the period	**7,464**	10,239	23,306	**14,806**	729	61,997
Profit attributable to:						
Equity holders of the compnay	**821**	3,373	4,919	**183**	729	1,188
Non-controlling interest	**6,240**	4,730	10,410	**-**	-	-
	7,061	8,103	15,329	**183**	729	1,188
Total comprehensive income attributable to:						
Equity holders of the compnay	**1,220**	5,348	10,645	**14,806**	729	61,997
Non-controlling interest	**6,244**	4,891	12,661	**-**	-	-
	7,464	10,239	23,306	**14,806**	729	61,997
Earnings per share						
Basic and diluted earnings per share (MK)	**6.83**	28.06	40.92			
Basic and diluted earnings per share (MK) (continuing operations)	**6.85**	28.03	40.88			

Statements of Financial Position

ASSETS						
Non-current assets						
Property, plant and equipment	**121,723**	111,057	112,255	**1,046**	989	1,075
Investment properties	**5,360**	5,000	5,360	**-**	-	-
Other investments	**42,362**	37,588	40,756	**246,793**	151,978	232,170
Loans and advances	**55,275**	45,714	40,658	**-**	-	-
Deferred tax assets	**7,867**	4,589	7,979	**-**	-	-
	232,587	203,948	207,008	**247,839**	152,967	233,245
Current assets						
Inventories	**10,711**	9,703	10,061	**18**	15	20
Loans and advances	**73,551**	79,205	90,761	**-**	-	-
Other investments	**103,901**	75,671	88,067	**-**	-	-
Trade and other receivables	**22,444**	24,631	25,812	**4,510**	2,116	1,995
Cash and cash equivalents	**57,036**	59,940	58,219	**42**	151	104
	267,643	249,150	272,920	**4,570**	2,282	2,119
Total assets	**500,230**	453,098	479,928	**252,409**	155,249	235,364
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	**100,444**	92,630	99,223	**193,031**	118,060	178,225
Total equity & earnings attributable to equity holders of the parent	**102,542**	94,728	101,321	**195,129**	120,158	180,323
Minority interest	**48,906**	43,578	46,214	**-**	-	-
Total equity	**151,448**	138,306	147,535	**195,129**	120,158	180,323
Non-current liabilities	**26,640**	11,400	23,237	**46,487**	28,933	46,914
Current liabilities						
Bank overdraft	**8,984**	7,376	7,848	**4,365**	225	2,078
Interest bearing loans and borrowings	**17,271**	24,116	16,650	**924**	1,865	957
Customer deposits	**241,421**	225,135	229,433	**-**	-	-
Provisions	**3,106**	2,534	5,039	**-**	71	524
Trade and other payables	**51,360**	44,231	50,186	**5,504**	3,997	4,568
	322,142	303,392	309,156	**10,793**	6,158	8,127
Total liabilities	**348,782**	314,792	332,393	**57,280**	35,091	55,041
Total equity and liabilities	**500,230**	453,098	479,928	**252,409**	155,249	235,364

Statements of Cash Flows

Cash generated by / (used in) operations	**24,788**	23,588	42,526	**(4,673)**	(963)	(1,826)
Interest and tax paid	**(12,089)**	(10,431)	(20,698)	**(1,335)**	(1,278)	(2,583)
Net cash from / (used in) operating activities	**12,699**	13,157	21,828	**(6,008)**	(2,241)	(4,409)
Investing activities						
Proceeds from sale of property, plant and investments	**636**	3,557	1,585	**-**	3	54
Interest received	**413**	1,301	2,117	**43**	85	166
Dividend received	**610**	1,049	1,955	**4,158**	3,264	6,882
Purchase of property, plant and equipment	**(16,306)**	(9,957)	(19,420)	**(12)**	(12)	(32)
Net cash outflow on acquisition of a subsidiary	**-**	-	(26)	**-**	-	-
Investment in a subsidiary	**-**	-	-	**-**	-	(2,000)
Net cash (used in) / from investing activities	**(14,647)**	(4,050)	(13,789)	**4,189**	3,340	5,070
Financing activities						
Net proceeds and repayment of long term borrowings	**3,180**	(5,249)	(2,529)	**(530)**	(565)	(1,005)
Dividends paid to shareholders of the Company	**-**	-	(1,022)	**-**	-	(1,022)
Dividend paid to non-controlling interest shareholders	**(3,551)**	(2,256)	(5,079)	**-**	-	-
Net cash used in financing activities	**(371)**	(7,505)	(8,630)	**(530)**	(565)	(2,027)
Net increase/(decrease) in cash and cash equivalents	**(2,319)**	1,602	(591)	**(2,349)**	534	(1,366)
Cash and cash equivalents at start of the period	**50,371**	50,962	50,962	**(1,974)**	(608)	(608)
Cash and cash equivalents at end of the period	**48,052**	52,564	50,371	**(4,323)**	(74)	(1,974)

Statements of Changes in Equity

	CONSOLIDATED			SEPARATE
	Owner's Equity	Non Controlling interest	Total	Total
As at 30 June 2017				
Balance at 1 January 2017 as previously stated	**103,206**	**46,214**	**149,420**	**180,323**
Prior year adjustment	(1,885)	-	(1,885)	-
Balance at 1 January 2017 as restated	101,321	46,214	**147,535**	**180,323**
Comprehensive income for the period				
Profit for the period	821	6,240	7,061	183
Other comprehensive income	399	4	403	14,623
Total comprehensive income for the period	**1,220**	**6,244**	**7,464**	**14,806**
Dividend to equity holders	-	(3,551)	(3,551)	-
Balance as at period end	**102,541**	**48,907**	**151,448**	**195,129**
As at 31 December 2016				
Balance as at 1 January	**91,698**	**38,710**	**130,408**	**119,348**
Comprehensive income for the year				
Profit for the year	4,919	10,410	**15,329**	**1,188**
Other comprehensive income	5,726	2,251	**7,977**	**60,809**
Total comprehensive income for the year	**10,645**	**12,661**	**23,306**	**61,997**
Transactions reported directly in equity	-	(78)	(78)	-
Dividend to equity holders	(1,022)	(5,079)	(6,101)	(1,022)
Balance as at period end	**101,321**	**46,214**	**147,535**	**180,323**

Segmental Performance

	Financial Services	Telecommu-nications	Energy	Consumer Goods	All other segments	Total
June 2017						
Revenue						
External revenues	33,659	38,580	1,340	16,925	1,053	**91,557**
Inter-segment revenue	411	4,117	-	21	3,807	**8,356**
Segment revenue	**34,070**	**42,697**	**1,340**	**16,946**	**4,860**	**99,913**
Segment operating profit/(loss)	14,403	8,385	(1,561)	(1,444)	1,229	**21,012**
Segment interest income	-	50	808	1	44	**903**
Segment interest expense	-	(4,051)	(1)	(576)	(1,561)	**(6,189)**
Segment income tax expense	(4,876)	(1,787)	(92)	-	(416)	**(7,171)**
Segment Profit/(loss)	**9,527**	**2,597**	**(846)**	**(2,019)**	**(704)**	**8,555**
Share of profit of equity accounted investees	-	-	-	-	1,950	**1,950**
Depreciation and amortization	1,402	4,835	215	248	191	**6,891**
Segment assets	343,167	110,530	17,943	6,718	262,130	**740,488**
Segment liabilities	270,096	79,662	3,424	13,265	63,241	**429,688**
Capital additions	2,604	12,435	595	384	288	**16,306**
December 2016						
Revenue						
External revenues	62,603	74,548	15,196	34,017	2,493	**188,857**
Inter-segment revenue	975	5,697	-	52	5,431	**12,155**
Segment revenue	**63,578**	**80,245**	**15,196**	**34,069**	**7,924**	**201,012**
Segment operating profit/(loss)	25,177	22,811	3,038	(1,101)	3,846	**53,771**
Segment interest income	-	1,180	1,908	9	169	**3,266**
Segment interest expense	-	(10,289)	-	(1,238)	(2,609)	**(14,136)**
Segment income tax expense	(8,642)	(3,238)	(1,727)	-	(811)	**(14,418)**
Segment Profit/(loss)	**16,535**	**10,464**	**3,219**	**(2,330)**	**595**	**28,483**
Share of profit of equity accounted investees	-	-	-	-	5,543	**5,543**
Depreciation and amortization	2,782	10,523	438	383	423	**14,549**
Segment assets	329,501	100,055	19,864	8,240	245,030	**702,690**
Segment liabilities	260,552	70,479	4,123	10,882	60,060	**406,096**
Capital additions	6,168	30,269	1,953	810	453	**39,653**

PERFORMANCE OVERVIEW

The Operating Environment

The first half of 2017 saw some positive trends in the operating environment. Inflation gradually declined followed by the reduction of interest rates. Exchange rates have been stable through-out the period. These positive trends are on account of improved production in the agricultural sector. Despite these positive developments, demand for goods and services remained subdued due to lagging effects.

Group Results

Group profit before tax at MK14.23 billion (2016: MK13.89 billion) was 3% higher than the previous similar period of 2016. This performance was against a background of Corporate Office re-organisation costs and subdued demand following years of a less than satisfactory operating environment.

SEGMENTAL PERFORMANCE

The Financial Services Segment (National Bank of Malawi)

The Bank continued with its strong performance and delivered good results with a 22% increase in profit before tax. This performance was achieved notwithstanding the high risk of bad debts and lackluster demand for lending and related products due to the prevailing high interest rate regime. The Bank is positioned for growth and improved service delivery following the successful introduction of new products and upgrade of its core banking system during the period.

The Telecommunications Segment (mobile phone company - TNM, fixed telephony - MTL, and the telecommunications infrastructure company - OCL)

The mobile phone company continued with its outstanding performance and delivered excellent results. The company registered a 72% growth in its profit driven by a 23% growth in service revenue and a 26% increase in EBITDA. The company is currently investing in 4G technology to position itself as a leading ICT company.

The fixed telephony business, on the other hand, made a loss, albeit lower than that for the same period last year. The company is reviewing its business model to streamline its operations as a provider of fixed broad band and fixed voice to enterprises and high-end consumers.

The telecommunications fibre backbone infrastructure company successfully started its operations as a separate entity. Discussions with potential strategic partners are at an advanced stage.

The Energy Segment (ethanol manufacturing - PressCane and ETHCO)

Results from both companies were affected by a late start in production due to a prolonged rain season as the first half recorded only one month of production (2016: two and a half months). Compared to same period last year, results were further negatively affected by the fact that there were no carryover stocks from the previous year. Implementation of a feedstock production project to supplement current supply is still under consideration.

The Consumer Goods Segment (retail chain store - Peoples)

The company made a loss mainly due to working capital challenges and increased finance costs. A review of the business model and a recapitalization programme is underway to reposition the company as an upmarket brand. In this regard, the company will continue investing in its franchises with Spar and Food Lovers Market. The search for a strategic partner is continuing.

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

The fish farming and real estate businesses made a loss during the period under review following the borrowing that was used to invest in capacity expansion projects. A review of the business model for the real estate business is underway whilst discussions with a strategic partner for the fish farming business are continuing.

Equity accounted businesses: (two Joint ventures – PUMA, a fuel distribution company and MacSteel, a steel processing and trading company; two associate companies – Limbe Leaf, a tobacco processing company and Carlsberg, a bottling and brewing company)

During the period, PCL's share of profit from equity accounted investments declined by 23% mainly due to a loss incurred in the brewing and beverage company as a result of lower sales volumes and increased production costs following two fire incidents at the plant. The shareholders are still working towards completing the transaction of re-structuring of their respective shareholdings in Carlsberg so as to ensure that maximum value is obtained from their mutual investments. The restructuring of shareholding is expected to conclude by the third quarter of 2017.

Results from the fuel distribution and tobacco processing sectors were satisfactory while results from the steel processing business were lower than the same period last year due to a slow start in the steel processing industry. Business is expected to pick up in the steel industry in the second half of the year due to several steel utilising projects currently under way.

DIVIDEND

Directors have resolved to pay an interim dividend amounting to MK600.78 million (2016: nil) representing MK5.00 per share. The dividend will be paid on Friday, 27th October 2017 to members whose names appear on the register as at the close of business on 20th October 2017.

OUTLOOK

Current improvements in the macro-economic environment are expected to continue to the end of the year albeit with continuing power supply challenges. The Group is reviewing business models for some of its companies along with restructuring exercises to position itself for future growth. While these exercises entail significant once off costs, the Group is poised to deliver satisfactory results for the year. The focus remains to turn around loss making entities while continuing to search for profitable opportunities with technical partners.

Elizabeth Mafeni	George B Partridge	Damien Kafoteka	Patrick Khembo
Group Financial Controller	**Group Chief Executive**	**Chairman FAIC**	**Board Chairman**