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## COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by MaltaPost p.l.c. pursuant to the Malta Financial Services Authority Listing Rules:

### QUOTE

At a meeting of the Board of Directors of MaltaPost p.l.c. held on 16 May 2018, the Board approved the attached Unaudited Condensed Consolidated Interim Financial Statements for the six month period ended 31 March 2018.

These Unaudited Condensed Consolidated Interim Financial Statements for the period ended 31 March 2018, are available for viewing and download from the Company's website [www.maltapost.com](http://www.maltapost.com)

### UNQUOTE

A handwritten signature in blue ink, appearing to read "G. Fairclough".

Graham A. Fairclough  
Company Secretary

16 May 2018

## **Review of Performance**

For the six months ended 31<sup>st</sup> March 2018, MaltaPost registered a profit before tax of €1.3 million (2017: €1.8 million):

- Revenue increased to €24.2 million (2017: €17.6 million) following positive trends in foreign mail activity, parcels business and document management services;
- As volumes reached higher levels, related costs also increased resulting in a total expenditure of €23.0 million (2017: €15.9 million);
- The increased revenue from foreign mail activity was dampened by a higher than normal proportionate increase in expense related to that activity. This resulted in a lower margin;
- Following the rise in foreign mail activity, as well as the timing of related receipts, receivables increased significantly. Likewise the related costs and timing of payments resulted in a corresponding increase in payables;
- Total Assets rose by 23.4% to €51.2 million (2017: €41.5 million);
- Shareholders' funds remained at a stable level of €22.9 million (2017: €23.6 million).

The local postal market continues to be highly challenging as tariffs, determined by the Universal Service Obligations, have stood unchanged for the past 4 years while related expenses, especially salaries and wages, continued to rise. In an industry that is highly labour intensive the recruitment of suitable human resources also presents a problem.

Volumes in local Letter Mail continued to decline rendering the whole delivery process less and less cost-effective. However, potential for further growth is seen in the packet and parcel business, though only within a highly competitive market.

## **Outlook**

While MaltaPost remains committed to improve operational efficiency and manage costs, reasonable and timely pricing reviews are essential to ensure continued viability of its responsibilities under the Universal Service Obligations. In comparative terms, the tariff of mail services in Malta remains the lowest in the EU.

The Directors are confident that the Company continues on the right track to provide suitable employment conditions to its staff, a quality service to its customers and a fair return on investment to its shareholders.

## **Basis of preparation**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, have been extracted from the Group’s unaudited accounts for the six months ended 31 March 2018 and have been reviewed in terms of ISRE 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. The half-yearly results are being published in terms of Chapter 5 of the Listing Rules of the Malta Financial Services Authority.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 30 September 2017, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

### *Accounting policies*

The accounting policies applied are consistent with those of the annual financial statements of MaltaPost p.l.c. for the year ended 30 September 2017, as described in those financial statements. Adoption of new standards, amendments and interpretations to existing standards that are mandatory for the Group’s accounting period beginning on 1 October 2017 did not result in changes to the Group’s accounting policies.

### *Fair values of financial assets and liabilities*

The Group’s financial instruments, which are measured at fair value, comprise the Group’s available-for-sale financial assets. The Company is required to disclose fair value measurements by level of the following fair value measurement hierarchy for financial instruments that are measured in the statement of financial position at fair value:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the assets either directly i.e. as prices, or indirectly i.e. derived from prices (Level 2).
- Inputs for the asset that are not based on observable market data i.e. unobservable inputs (Level 3)

As at 31 March 2018 and 30 September 2017, available-for-sale investments were valued using Level 1 inputs in view of the listing status of the assets and accordingly no transfers between different levels of the fair value hierarchy have occurred.

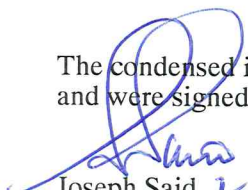
The fair values of all the Group’s other financial assets and liabilities that are not measured at fair value are considered to approximate their respective carrying values due to their short-term nature.

**MaltaPost p.l.c.**  
**Preliminary Statement of Half yearly Results**  
**For the six months ended 31 March 2018**

**Condensed Consolidated Interim Statement of Financial Position**  
**As at 31 March 2018**

	<b>Group</b>	
	<b>31 Mar 2018</b>	<b>30 Sep 2017</b>
	<b>€'000</b>	<b>€'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>ASSETS</b>		
Property, plant and equipment	14,773	14,390
Available-for-sale financial assets	3,870	3,613
Deferred tax asset	603	611
Total non-current assets	<b>19,246</b>	18,614
<b>Current assets</b>		
Inventories	708	758
Trade and other receivables	24,847	11,272
Deposits with financial institutions	2,014	2,014
Cash and cash equivalents	4,484	8,854
Total current assets	<b>32,053</b>	22,898
<b>Total assets</b>	<b>51,299</b>	41,512
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	9,414	9,414
Share premium	7,367	7,367
Other reserves	(27)	(20)
Retained earnings	6,227	6,879
Total equity	<b>22,981</b>	23,640
<b>Non-current liabilities</b>		
Deferred tax liability	777	777
Provision for liabilities and charges	1,995	2,047
Total non-current liabilities	<b>2,772</b>	2,824
<b>Current liabilities</b>		
Trade and other payables	25,126	14,819
Current tax liability	420	229
Total current liabilities	<b>25,546</b>	15,048
Total liabilities	<b>28,318</b>	17,872
<b>Total equity and liabilities</b>	<b>51,299</b>	41,512

The condensed interim financial statements were approved by the Board of Directors on 16 May 2018 and were signed by:

  
 Joseph Said  
 Chairman

  
 Aurelio Theuma  
 Director

**Condensed Consolidated Interim Income Statement  
For the six months ended 31 March 2018**

	<b>Group</b>	
	<b>01 October to 31 March</b>	
	<b>2018</b>	2017
	<b>€'000</b>	€'000
	<b>Unaudited</b>	Unaudited
<b>Revenue</b>	<b>24,225</b>	17,646
Employee benefits expense	(7,257)	(6,799)
Depreciation and amortisation expense	(444)	(370)
Other expenses	(15,319)	(8,736)
<b>Operating profit</b>	<b>1,205</b>	1,741
Finance income	85	72
<b>Profit before tax</b>	<b>1,290</b>	1,813
Tax expense	(434)	(630)
<b>Profit for the year</b>	<b>856</b>	1,183
<b>Earnings per share</b>	<b>€0.02</b>	€0.03



## Condensed Consolidated Interim Statement of Comprehensive Income

	<b>Group</b>	
	<b>01 Oct 17 to 31 March 18 €'000 Unaudited</b>	01 Oct 16 to 31 March 17 €'000 Unaudited
<b>Comprehensive income</b>		
Profit for the year	<b>856</b>	1,183
<b>Other comprehensive income</b>		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Available-for-sale financial assets		
Gains/(losses) from changes in fair value	<b>9</b>	(110)
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of defined benefit obligations	<b>(25)</b>	62
<i>Income tax relating to components of other comprehensive income:</i>		
Remeasurements of defined benefit obligations	<b>9</b>	-
Total other comprehensive income for the year	<b>(7)</b>	(48)
<b>Total comprehensive income for the year</b>	<b>849</b>	1,135

**Condensed Consolidated Interim Statement of Changes in Equity**  
**For the six months ended 31 March 2018 (Unaudited)**  
**Group**

	Share capital €'000	Share premium €'000	Other reserves €'000	Retained earnings €'000	Total €'000
Balance at 1 October 2016	9,247	6,298	335	6,345	22,225
<b>Comprehensive income</b>					
Profit for the financial period	-	-	-	1,183	1,183
<b>Other comprehensive income</b>					
Available-for-sale financial assets:					
Loss from changes in fair value	-	-	(110)	-	(110)
Remeasurements of defined benefit obligations	-	-	62	-	62
Total other comprehensive income	-	-	(48)	-	(48)
Total comprehensive income	-	-	(48)	1,183	1,135
<b>Transactions with owners</b>					
Allotment of shares	167	1,069	-	-	1,236
Dividends	-	-	-	(1,481)	(1,481)
Total transactions with owners	167	1,069	-	(1,481)	(245)
<b>Balance at 31 March 2017</b>	<b>9,414</b>	<b>7,367</b>	<b>287</b>	<b>6,047</b>	<b>23,115</b>
Balance at 1 October 2017	9,414	7,367	(20)	6,879	23,640
<b>Comprehensive income</b>					
Profit for the financial period	-	-	-	856	856
<b>Other comprehensive income</b>					
Available-for-sale financial assets:					
Gains from changes in fair value	-	-	9	-	9
Remeasurements of defined benefit obligations	-	-	(16)	-	(16)
Total other comprehensive income	-	-	(7)	-	(7)
Total comprehensive income	-	-	(7)	856	849
<b>Transactions with owners</b>					
Dividends	-	-	-	(1,508)	(1,508)
Total transactions with owners	-	-	-	(1,508)	(1,508)
<b>Balance at 31 March 2018</b>	<b>9,414</b>	<b>7,367</b>	<b>(27)</b>	<b>6,227</b>	<b>22,981</b>

**Condensed Consolidated Interim Statement of Cash Flows  
For the six months ended 31 March 2018 (Unaudited)**

	<b>Group</b>	
	<b>01 October to 31 March</b>	
	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
<b>Cash flows from operating activities</b>		
Cash from customers	<b>10,231</b>	14,858
Cash paid to suppliers and employees	<b>(11,618)</b>	(12,841)
Cash flows attributable to funds collected on behalf of third parties	<b>(60)</b>	(304)
	<b>(1,447)</b>	1,713
Cash from operating activities	<b>(1,447)</b>	1,713
Income tax paid	<b>(234)</b>	(176)
<b>Net cash generated from operating activities</b>	<b>(1,681)</b>	1,537
<b>Cash flows from investing activities</b>		
Finance income	<b>83</b>	90
Purchase/ (disposal) of property, plant and equipment	<b>(1,014)</b>	(686)
Purchase of financial assets	<b>(504)</b>	(1)
Proceeds from disposals/redemptions of financial assets	<b>250</b>	435
<b>Net cash used in investing activities</b>	<b>(1,185)</b>	(162)
<b>Cash flows from financing activities</b>		
Dividends paid	<b>(1,504)</b>	(244)
<b>Net cash used in financing activities</b>	<b>(1,504)</b>	(244)
<b>Net movement in cash and cash equivalents</b>	<b>(4,370)</b>	1,131
<b>Cash and cash equivalents at beginning of year</b>	<b>8,854</b>	8,795
<b>Cash and cash equivalents at end of year</b>	<b>4,484</b>	9,926



Statement pursuant to Listing Rules issued by the Listing Authority

I confirm that to the best of my knowledge:

- The condensed consolidated interim financial statements, prepared in accordance with IAS 34 give a true and fair view of the financial position as at 31 March 2018, financial performance and cash flows for the period then ended, and conform with the requirements of the accounting standards adopted for use in the EU for interim financial statements, including adopted IAS 34: *Interim Financial Reporting*; and
- The interim directors' report includes a fair review of the information required in terms of the Listing Rules.



Joseph Gafa'  
Chief Executive Officer



## *Independent auditor's report on the Review of Condensed Consolidated Interim Financial Information*

To the Board of Directors of MaltaPost p.l.c.

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of MaltaPost p.l.c. and its subsidiary ("the Group") as at 31 March 2018, the related condensed consolidated interim income statement and statements of comprehensive income, changes in equity and cash flows for the six-month period then ended ("the interim financial information"). The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 'Interim Financial Reporting'). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

### **PricewaterhouseCoopers**

78 Mill Street  
Qormi QRM 3101  
Malta

Fabio Axisa  
Partner  
16 May 2018

- a) The maintenance and integrity of the MaltaPost p.l.c. website is the responsibility of the Directors of the Company; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed interim financial information since this was initially presented on the website.
- b) Legislation in Malta governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.