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 30 May 2019, the Board approved the attached Unaudited Condensed Consolidated Interim Financial Statements for the six month period ended 31 March 2019.

These Unaudited Condensed Consolidated Interim Financial Statements for the period ended 31 March 2019, are available for viewing and download from the Company's website www.maltapost.com

UNQUOTE

Graham A. Fairclough
Company Secretary

30 May 2019

Review of Performance

For the six months ended 31st March 2019, MaltaPost registered a profit before tax of €1.4 million (2018: €1.3 million), an increase of 8% over the same period last year.

- Following a reduction in foreign mail, revenue decreased to €17.0 million (2018: €24.2 million) while the upward trend in revenue from parcels, registered letters and document management services continued;
- The decrease in expenditure to €15.7 million (2018: €23.0 million) was proportionate to the reduction in foreign mail revenue;
- Cost to Income ratio improved to 92.0% (2018: 95.0%);
- Shareholders' funds remained stable at €25.9 million (2018: €26.4 million)

The local postal market remains challenging as increased e-commerce revenue and operational efficiencies do not compensate for the continuing decline in Letter Mail volume and rising costs.

Staff recruitment is also bringing pressure to bear on wages, compounded by a regulated service tariff structure where prices remained unchanged for the past 6 years.

Outlook

The Company continues to interact with its regulator so as to conclude the revision of a service tariff structure. Once fully approved, a service tariff structure that allows flexibility and takes cognisance of ever-changing market realities, will ensure the sustainability of the Universal Service Obligation.

The digital economy offers the opportunity to address the needs of both traditional mail and e-commerce customers, and the Company shall continue to invest and improve its structures in order to meet those needs.

The Directors are confident that the continued diversification into e-commerce, document management and financial services, while maintaining a Letter Mail universal service, will sustain returns on investment to shareholders, improved service to customers and stable and fulfilling employment to its staff.

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 2019. The half-yearly results are being published in terms of Chapter 5 of the Listing Rules of the Malta Financial Services Authority. In terms of listing rule 5.75.5, this interim report has not been audited or reviewed by the Group's independent auditors.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 30 September 2018, 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 2018, 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 2018 did not result in changes to the Group's accounting policies, except for as disclosed below.

Changes in accounting policies and disclosures

IFRS 9 'Financial Instruments'

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 October 2018 resulted in changes in accounting policies. In accordance with the transitional provision in IFRS 9, comparative figures have not been restated.

(a) Financial assets measured at amortised cost

On 1 October 2018 (the date of initial application of IFRS 9), management has assessed which business models apply to the financial assets held by the Group and there were no changes in the measurement model for its trade and other receivables and cash and cash equivalents which was required as they continue to be measured at amortised cost.

The restatement on transition to IFRS 9 as a result of the expected credit risk model was immaterial and consequently no restatement to the opening retained earnings was deemed necessary.

(b) Financial assets at fair value through other comprehensive income (FVOCI)

For its equity investments previously classified as available-for-sale, the Group elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of €3.8 million as at 30 September 2018 were reclassified from available-for-sale financial assets to financial assets at FVOCI. There were no gains or losses that were reclassified from the available-for-sale financial asset reserve to the FVOCI reserve on 1 October 2018.

There was no impact from the adoption of IFRS 9 on the Group and Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group do not have any such liabilities. The derecognition rules have been transferred from IAS 39 and have not been changed.

IFRS 15 'Revenue from contracts with customers'

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when customer obtains control of good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

After taking cognisance of the nature of the Group's contracts with its customers, it was concluded that the transition to IFRS 15 was immaterial and no adjustments were made to the Group's opening retaining earnings and financial position.

New standards not yet effective during the period

IFRS 16 'Leases'

IFRS 16 will be effective from 1 January 2019, replacing IAS 17 'Leases'. The Group would be obliged to adopt the standard during the financial year starting 1 October 2019. The standard requires lessees to recognise assets and liabilities for all leases, unless the lease term is twelve months or less, or the underlying asset is of low value. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and the financial liability to pay rentals are recognised. The accounting for lessors will not significantly change. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Management is presently reviewing the Group's leasing arrangement and the impact of the standard.

Fair values of financial assets and liabilities

The Group's financial instruments which are measured at fair value comprise the Group's financial assets. The Group 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 2019 and 30 September 2018, 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 2019

Condensed Consolidated Interim Statement of Financial Position
As at 31 March 2019

	Group	
	31 Mar 2019	30 Sep 2018
	€'000	€'000
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	**17,863**	17,289
Intangible assets	**457**	286
Financial assets:		
Fair value through other comprehensive income	**3,888**	-
Available-for-sale	**-**	3,826
Deferred tax asset	**544**	582
Total non-current assets	**22,752**	21,983
Current assets		
Inventories	**697**	606
Trade and other receivables	**9,725**	7,879
Current tax asset	**-**	183
Deposits with financial institutions	**4,214**	4,714
Cash and cash equivalents	**5,989**	12,565
Total current assets	**20,625**	25,947
Total assets	**43,377**	47,930
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	**9,414**	9,414
Share premium	**7,367**	7,367
Other reserves	**2,628**	2,534
Retained earnings	**6,498**	7,101
Total equity	**25,907**	26,416
Non-current liabilities		
Deferred tax liability	**1,028**	1,028
Provision for liabilities and charges	**1,822**	1,964
Total non-current liabilities	**2,850**	2,992
Current liabilities		
Trade and other payables	**14,557**	18,522
Current tax liability	**63**	-
Total current liabilities	**14,620**	18,522
Total liabilities	**17,470**	21,514
Total equity and liabilities	**43,377**	47,930

The condensed interim financial statements were approved by the Board of Directors on 30 May 2019 and were signed by:

Joseph Said
Chairman

Aurelio Theuma
Director

Condensed Consolidated Interim Income Statement
For the six months ended 31 March 2019

	Group	
	01 October to 31 March	
	2019	2018
	€'000	€'000
	Unaudited	Unaudited
Revenue	**17,044**	24,225
Employee benefits expense	**(7,815)**	(7,257)
Depreciation and amortisation expense	**(483)**	(444)
Other expenses	**(7,475)**	(15,319)
Operating profit	**1,271**	1,205
Finance income	**97**	85
Profit before tax	**1,368**	1,290
Tax expense	**(465)**	(434)
Profit for the period	**903**	856
Earnings per share	**€0.02**	€0.02

Condensed Consolidated Interim Statement of Comprehensive Income
For the six months ended 31 March 2019

	Group	
	01 October to 31 March	
	2019	2018
	€'000	€'000
	Unaudited	Unaudited
Comprehensive income		
Profit for the period	**903**	856
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Gains from changes in fair value in financial assets:		
Fair value through other comprehensive income	**64**	-
Available-for-sale	**-**	9
Items that will not be reclassified to profit or loss		
Re-measurements of defined benefit obligations	**42**	(25)
Income tax relating to components of other comprehensive income:		
Re-measurements of defined benefit obligations	**(12)**	9
Total other comprehensive income for the period	**94**	(7)
Total comprehensive income for the period	**997**	849

Condensed Consolidated Interim Statement of Changes in Equity
For the six months ended 31 March 2019 (Unaudited)
Group

	Share capital €'000	Share premium €'000	Other reserves €'000	Retained earnings €'000	Total €'000
Balance at 1 October 2017	9,414	7,367	(20)	6,879	23,640
Comprehensive income					
Profit for the financial period	-	-	-	856	856
Other comprehensive income					
Available-for-sale financial assets:					
Gains from changes in fair value	-	-	9	-	9
Re-measurements of defined benefit obligations	-	-	(16)	-	(16)
Total other comprehensive income	-	-	(7)	-	(7)
Total comprehensive income	-	-	(7)	856	849
Dividends	-	-	-	(1,508)	(1,508)
Total transactions with owners	-	-	-	(1,508)	(1,508)
Balance at 31 March 2018	**9,414**	**7,367**	**(27)**	**6,227**	**22,981**
Balance at 1 October 2018	9,414	7,367	2,534	7,101	26,416
Comprehensive income					
Profit for the financial period	-	-	-	903	903
Other comprehensive income					
Fair value through other comprehensive income financial assets:					
Gains from changes in fair value	-	-	64	-	64
Re-measurements of defined benefit obligations	-	-	30	-	30
Total other comprehensive income	-	-	94	-	94
Total comprehensive income	-	-	94	903	997
Dividends	-	-	-	(1,506)	(1,506)
Total transactions with owners	-	-	-	(1,506)	(1,506)
Balance at 31 March 2019	**9,414**	**7,367**	**2,628**	**6,498**	**25,907**

Condensed Consolidated Interim Statement of Cash Flows
For the six months ended 31 March 2019 (Unaudited)

	Group	
	01 October to 31 March	
	2019	2018
	€'000	€'000
Cash flows from operating activities		
Cash from customers	**14,233**	10,231
Cash paid to suppliers and employees	**(15,013)**	(11,618)
Cash flows attributable to funds collected on behalf of third parties	**(3,510)**	(60)
Cash used in operating activities	**(4,290)**	(1,447)
Income tax paid	**(198)**	(234)
Net cash used in operating activities	**(4,488)**	(1,681)
Cash flows from investing activities		
Finance income	**87**	83
Purchase of property, plant and equipment	**(1,172)**	(1,014)
Placements of deposits with financial institutions	**(1,000)**	(504)
Maturity of deposits with financial institutions	**1,500**	250
Net cash used in investing activities	**(585)**	(1,185)
Cash flows from financing activities		
Dividends paid	**(1,503)**	(1,504)
Net cash used in financing activities	**(1,503)**	(1,504)
Net movement in cash and cash equivalents	**(6,576)**	(4,370)
Cash and cash equivalents at beginning of period	**12,565**	8,854
Cash and cash equivalents at end of period	**5,989**	4,484

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 2019, 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