

**LONGHORN PUBLISHERS PLC**  
**UNAUDITED CONDENSED GROUP RESULTS FOR THE**  
**SIX-MONTH PERIOD ENDED 31 DECEMBER 2020**

Condensed consolidated statement of financial position as at:		
	31-Dec-20	30-Jun-20
	Kshs 000'	Kshs 000'
Pre-publishing costs	775,031	741,839
Goodwill	125,786	125,786
Trade and other receivables	712,535	582,139
Inventories	527,046	548,710
Other assets	316,184	451,690
<b>Total assets</b>	<b>2,456,582</b>	<b>2,450,164</b>
Borrowings	1,252,558	1,175,241
Trade and other payables	614,592	540,158
<b>Total liabilities</b>	<b>1,867,150</b>	<b>1,715,399</b>
<b>Total equity</b>	<b>589,432</b>	<b>734,765</b>
<b>Total equity and liabilities</b>	<b>2,456,582</b>	<b>2,450,164</b>

Condensed consolidated statement of comprehensive income for the 6 months ended:			
	31-Dec-20	30-Jun-20	31-Dec-19
	Kshs 000'	Kshs 000'	Kshs 000'
Revenue	288,515	342,514	725,412
Cost of sales	(197,295)	(231,409)	(349,236)
<b>Gross profit</b>	<b>91,220</b>	<b>111,105</b>	<b>376,176</b>
Operating expenses	(143,394)	(389,262)	(241,444)
Finance costs	(93,158)	(110,050)	(41,879)
<b>(Loss)/profit before tax</b>	<b>(145,333)</b>	<b>(388,207)</b>	<b>92,853</b>
Income tax credit/(expense)	-	93,370	(23,886)
<b>(Loss)/profit before tax</b>	<b>(145,333)</b>	<b>(294,837)</b>	<b>68,967</b>
Other comprehensive loss	-	(2,000)	-
<b>Total comprehensive (loss)/income</b>	<b>(145,333)</b>	<b>(296,837)</b>	<b>68,967</b>

Condensed consolidated statement of cashflows for the 6 months ended:		
	31-Dec-20	31-Dec-19
	Kshs 000'	Kshs 000'
Net cash (used in)/generated from operating activities	(167,587)	5,243
Net cash used in investing activities	(35,333)	(170,157)
Net cash generated from financing activities	97,781	69,616
<b>Net decrease in cash and cash equivalents</b>	<b>(105,139)</b>	<b>(95,298)</b>
Cash and cash equivalents at start of period	115,769	95,295
Cash and cash equivalents at end of period	<b>10,630</b>	<b>(3)</b>

Condensed consolidated statement of changes in equity:				
	Share Capital & Premium	Retained earnings	Non-controlling interest	Total
	Kshs 000'	Kshs 000'	Kshs 000'	Kshs 000'
<b>At 1 July 2019</b>	640,729	463,343	232	1,104,304
Comprehensive loss	-	(227,996)	126	(227,870)
Dividends	-	(141,669)	-	(141,669)
<b>At 30 June 2020</b>	640,729	93,678	358	752,192
Comprehensive loss	-	(145,413)	80	(145,333)
<b>At 31 December 2020</b>	<b>640,729</b>	<b>(51,735)</b>	<b>438</b>	<b>589,432</b>

**COMMENTARY ON THE RESULTS**

**Operating environment:**

The Group operated under a challenging environment arising from the Covid-19 crisis and the related suspension of learning in schools. This resulted in a drop in the level of activity during the first half of the year. Despite this, we have continued to make strategic investments in both our regional markets and digital platforms in order to safeguard the long-term sustainability of our business.

**Financial highlights:**

The Group revenue declined compared to the same period last year mainly attributable to the closure of schools for the entire period. Regionally, Uganda and Tanzania revenue grew by 263% and 19% respectively compared to same period last year. At half year, Uganda had already surpassed full prior year revenue by 61% while Tanzania's performance represented the fourth straight year of growth.

The Group also registered its first sales in the Francophone market of Kshs 94 million marking a significant milestone in its regional expansion plans.

Operating expenses reduced by 41% compared to similar period last year mainly attributable to savings from cost containment measures.

The Group managed to cut its losses by 51% in the first half of the year compared to the previous half (January-June 2020) indicating the business is on a recovery path.

**Looking forward to a stronger second half:**

The Group continues to focus on the safety of its staff and protection of the long-term value of shareholders.

With the resumption of learning in schools from January 2021 and gradual recovery of the economies in the countries Longhorn operates in, the Directors expect significant sales in the second half of the year. The distribution of secondary school titles in Uganda and Competency Based Curriculum (CBC) Grade 5 titles in Kenya is scheduled before year end. In addition, Tanzania is expected to surpass prior year revenue given the traction being made with various revised and new titles approved for the market.

On the Digital front, the Group continues its journey towards scaling and fully optimizing its digital learning solutions. The Group added a global product called SOMO, which focuses on providing the youth with critical 21st century skills and connects them to opportunities and outcomes that improve their lives.

The Board of Directors remains very confident of the recovery of the business in the second half of the year and growth of the shareholders' value.

By order of the Board

**Hon. Francis T. Nyammo OGW, MBS**  
**Group Chairman**

**Maxwell Wahome**  
**Group Managing Director & CEO**

Date 18 February 2021

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