



# BLANTYRE HOTELS PLC

## AUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

### SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

	Consolidated 30-Sep-19 K'000	Separate 30-Sep-19 K'000	Separate 30-Sep-18 K'000
Revenue	4,065,765	4,065,765	4,045,942
Cost of sales	(1,739,738)	(1,739,738)	(1,813,881)
Gross profit	2,326,027	2,326,027	2,232,061
Other income	15,177	15,177	57,933
Selling and administrative expenses	(1,714,013)	(1,676,625)	(1,844,219)
Profit from operating activities	627,191	664,579	445,775
<b>Net finance income</b>	<b>69,284</b>	<b>34,825</b>	<b>15,096</b>
Profit before taxation	696,475	699,404	460,871
Taxation	(229,778)	(230,657)	(109,112)
<b>Profit for the year</b>	<b>466,697</b>	<b>468,747</b>	<b>351,759</b>
<b>Other comprehensive (loss)/income (net of income tax)</b>	<b>(3,092)</b>	<b>(3,092)</b>	<b>838,564</b>
<b>Total comprehensive income for the year</b>	<b>463,605</b>	<b>465,655</b>	<b>1,190,323</b>
<b>Shares in issue (thousands)</b>	<b>839,750</b>	<b>839,750</b>	<b>839,750</b>
Earnings per share (in tambala)	56	56	42

  

### SUMMARY STATEMENTS OF FINANCIAL POSITION

	Consolidated 30-Sep-19 K'000	Separate 30-Sep-19 K'000	Separate 30-Sep-18 K'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	8,398,120	7,434,600	7,572,450
Intangible assets	3,278	3,278	6,981
Investment in subsidiary	-	77,500	-
Total non-current assets	<u>8,401,398</u>	<u>7,515,378</u>	<u>7,579,431</u>
<b>Current assets</b>			
Inventories	349,208	349,208	398,895
Trade and other receivables	313,721	313,721	312,032
Cash and cash equivalents	882,482	756,180	493,773
Tax recoverable	11,151	11,151	25,536
Total current assets	<u>1,556,562</u>	<u>1,430,260</u>	<u>1,230,236</u>
<b>Total assets</b>	<u>9,957,960</u>	<u>8,945,638</u>	<u>8,809,667</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	41,988	41,988	41,988
Share premium	1,340,153	1,340,153	1,340,153
Revaluation reserve	4,265,148	4,265,148	4,325,404
Retained earnings	845,521	847,571	545,804
Total equity	<u>6,492,810</u>	<u>6,494,860</u>	<u>6,253,349</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	1,875,081	1,875,960	1,908,264
Total non-current liabilities	<u>1,875,081</u>	<u>1,875,960</u>	<u>1,908,264</u>
<b>Current liabilities</b>			
Trade and other payables	764,493	574,818	648,054
Borrowings	825,576	-	-
Total current liabilities	<u>1,590,069</u>	<u>574,818</u>	<u>648,054</u>
Total liabilities	<u>3,465,150</u>	<u>2,450,778</u>	<u>2,556,318</u>
<b>Total equity and liabilities</b>	<u>9,957,960</u>	<u>8,945,638</u>	<u>8,809,667</u>

### SUMMARY STATEMENTS OF CHANGES IN EQUITY

	Consolidated 30-Sep-19 K'000	Separate 30-Sep-19 K'000	Separate 30-Sep-18 K'000
Balance as at 1 October 2018	6,253,349	6,253,349	5,147,001
IFRS 9 transitional adjustment	(5,809)	(5,809)	-
Profit for the year	466,697	468,747	351,759
Total other comprehensive (loss)/income	(3,092)	(3,092)	838,564
Dividends paid	(218,335)	(218,335)	(83,975)
Balance as at 30 September 2019	<u>6,492,810</u>	<u>6,494,860</u>	<u>6,253,349</u>

  

### SUMMARY STATEMENTS OF CASH FLOWS

	30-Sep-19 K'000	30-Sep-19 K'000	30-Sep-18 K'000
<b>Cash generated from operations</b>	<b>988,439</b>	<b>836,152</b>	<b>638,718</b>
Interest paid	(1,786)	(1,786)	(8,562)
Taxation paid	(249,178)	(249,178)	(318,258)
<b>Net cash generated by operating activities</b>	<b>737,475</b>	<b>585,188</b>	<b>311,898</b>
<b>Other cash flows</b>			
Purchase of property and equipment	(1,004,951)	(72,007)	(177,613)
Acquisition of intangibles	-	-	(2,926)
Proceeds from the sale of equipment	8,450	8,450	546
Proceeds from the sale of investment	-	-	11,185
Investment in subsidiary	-	(77,500)	-
Finance income	71,070	36,611	23,658
Dividends paid to owners of the company	(218,335)	(218,335)	(83,975)
Loan received	795,000	-	-
Repayment of loans	-	-	(82,354)
<b>Net cash out flows</b>	<b>(348,766)</b>	<b>(322,781)</b>	<b>(311,479)</b>
Net increase in cash and cash equivalents	388,709	262,407	419
Cash and cash equivalents at the beginning of the year	493,773	493,773	493,354
<b>Cash and cash equivalents at the end of the year</b>	<b>882,482</b>	<b>756,180</b>	<b>493,773</b>

### Publication commentary:

#### Overview of results

Total revenue for the group amounted to K4.066 billion which was slightly above 2018 revenue of K4.046 billion by 0.5%. The hotel registered 61% occupancy levels compared to 62% achieved for the same period last year. The drop in occupancy levels was due to reduced travel by the corporate segment from both the domestic and international markets due to the political environment in the country. The prolonged closure of Chileka International Airport in the last half of the year had also a negative impact on business from our foreign guests. Despite a drop in accommodation revenue, food and beverage revenues registered growth over last year.

Cost of sales decreased from K1.814 billion to K1.740 billion representing a decrease of 4%. The decrease was due to cost control measures and efficient strategies employed in the year. Selling and administrative expenses for the group decreased by 7% mainly due to one off items incurred in same period last year plus some savings on staff costs.

The group registered a profit after tax of K467 million against a profit of K352 million in the previous year representing an increase of 33 %.

#### Prospects

The group will continue with its efforts to improve the guest experience and service delivery through its relationship with Marriott International which manages the Protea Hotel Brand.

The group will also intensify its sales and marketing activities to strengthen the corporate segment in addition to the promotion of the Marriott loyalty program in the market.

#### The Lilongwe Hotel Project

In the year, the company registered a 100% owned subsidiary, Oasis Hospitality Limited, as a special purpose vehicle for the development and construction of a four star hotel in Lilongwe. The hotel will be built on a piece of land within the Lilongwe Golf Club. The land transfer agreement was executed by the parties. The process of subdivision of the land is underway. The Board is considering a number of financing options for the project. During the year the Board obtained a short term loan facility for working capital.

#### Dividend

An interim dividend of K83.9 million, representing 10 tambala per share was paid in July 2019.

The Directors will propose at the forthcoming Annual General Meeting of members to pay a final dividend of K83.9 million, representing 10 tambala per share, bringing the total dividend to K167.8 million, representing 20 tambala per share (2018: 16 tambala per share).

#### Basis of preparation

The Directors have prepared the summary consolidated and separate financial statements to meet the requirements of the Malawi Stock Exchange. The Directors have considered the Malawi Stock Exchange requirements and believe that the summary consolidated and separate statements of financial position, the summary consolidated and separate statements of comprehensive income, the summary consolidated and separate statements of changes in equity and the summary consolidated and separate statements of cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements.

The summary consolidated and separate financial statements have been derived from the consolidated and separate financial statements which were approved by the Board of Directors on 20 December 2019, and are available at Nico Asset Managers Limited, the Company Secretaries in Chibisa House, 19 Glyn Jones Road, Blantyre.

V Kumwenda  
Chairman

E A Malion  
Director

### REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS

#### Opinion

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statements of financial position as at 30 September 2019, the summary consolidated and separate statements of comprehensive income, summary consolidated and separate statements of changes in equity and summary consolidated and separate statements of cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of Blantyre Hotels PLC for the year ended 30 September 2019.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent in all material respects, with the audited consolidated and separate financial statements of Blantyre Hotels PLC, and the basis described on the basis of preparation paragraph.

#### Summary consolidated and separate financial statements

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon. The summary consolidated and separate financial statements and the audited consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

#### The audited consolidated and separate financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 10 January 2020. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year.

#### Directors' responsibility for the summary consolidated and separate financial statements

The directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the basis described on the basis of preparation paragraph.

#### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised) Engagements to Report on Summary Financial Statements.

**Deloitte.**

Chartered Accountants  
Christopher Kapenda  
Partner  
12 March 2020