



BLANTYRE HOTELS PLC

SUMMARISED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

	Audited Consolidated 12 months ended 31-Dec -22 K'000	Audited Consolidated 15 months ended 31-Dec -21 K'000 Restated	Audited Separate 12 months ended 31-Dec-21 K'000	Audited Separate 15 months ended 31-Dec-21 K'000
Revenue	3 370 851	1 974 975	3 370 851	1 974 975
Cost of sales	(1 504 808)	(1 086 962)	(1 504 808)	(1 086 962)
Gross Profit	1 866 043	888 013	1 866 043	888 013
Other income	6 672	6 455	6 672	6 455
Selling and administration expenses	(1 723 898)	(1 517 972)	(1 703 372)	(1 258 515)
Impairment loss	(5 434)	(420)	(5 434)	(420)
EBITDA	143 383	(623 924)	163 909	(364 467)
Depreciation and amortization	(164 669)	(221 054)	(164 699)	(221 054)
Loss from operating activities	(21 286)	(844 978)	(790)	(585 521)
Net finance cost	(595 496)	(194 288)	(561 102)	(60 768)
Gain /(loss) on disposal of subsidiary	323 197	-	(46 788)	-
Share of profit in associate	26 225	-	26 225	-
Loss before taxation	(267 360)	(1 039 266)	(582 455)	(646 289)
Taxation	131 450	287 427	116 226	169 212
Loss for the period	(135 910)	(751 839)	(466 229)	(477 077)
Other comprehensive Income (net of tax)	447 267	500 277	447 267	500 277
Total comprehensive income for period	311 357	(251 562)	(18 962)	23 200
Loss per share (tambala)	(16)	(90)		

SUMMARY STATEMENTS OF FINANCIAL POSITION

	Audited Consolidated 31-Dec-22 K'000	Audited Consolidated 31-Dec-21 K'000	Audited Separate 31-Dec-21 K'000	Audited Separate 31-Dec-21 K'000
ASSETS				
Non -current assets				
Property and equipment	9 256 164	14 652 418	9 256 164	8 783 141
Intangible assets	11 362	-	11 362	-
Investment in subsidiary	3 907 671	-	3 907 671	3 686 301
Deferred tax asset	-	143 610	-	-
Total non-current assets	13 175 197	14 796 028	13 175 197	12 469 442
Current assets				
Inventories	381 162	292 216	381 162	292 216
Trade and other receivables	384 962	381 868	384 962	406 070
Tax recoverable	98 566	83 520	98 566	83 307
Cash and cash equivalents	686 233	664 723	686 233	136 943
Total current assets	1 550 923	1 422 327	1 550 923	918 536
Total assets	14 726 120	16 218 355	14 726 120	13 387 978
EQUITY AND LIABILITIES				
Equity				
Share capital	41 988	41 988	41 988	41 988
Share premium	1 340 153	1 340 153	1 340 153	1 340 153
Revaluation reserve (Accumulated losses)/retained earnings	(268 965)	(203 770)	(268 965)	126 549
Total equity	6 804 235	6 492 878	6 804 235	6 823 197
Liabilities				
Non-current liabilities				
Deferred tax liabilities	2 029 888	2 006 683	2 029 888	2 006 683
Loans and borrowings	2 418 889	3 842 162	2 418 889	3 842 162
Total non -current liabilities	4 448 777	5 848 845	4 448 777	5 848 845
Current liabilities				
Trade and other payables	764 029	1 686 447	764 029	688 129
Loan and Borrowings	2 686 432	2 133 253	2 686 432	-
Bank overdraft	2 955	27 807	2 955	27 807
Amount due to related parties	19 692	29 125	19 692	-
Total current liabilities	3 473 108	3 876 632	3 473 108	715 936
Total liabilities	7 921 885	9 725 477	7 921 885	6 564 781
Total equity and liabilities	14 726 120	16 218 355	14 726 120	13 387 978

SUMMARY STATEMENTS OF CHANGES IN EQUITY

	Audited Consolidated 12 months ended 31-Dec-22 K'000	Audited Consolidated 15 months ended 31-Dec-21 K'000	Audited Separate 12 months ended 31-Dec-22 K'000	Audited Separate 12 months ended 31-Dec-21 K'000
At the beginning of the period	6 492 878	6 744 440	6 823 197	6 799 997
Loss for the period	(135 910)	(751 839)	(466 229)	(477 077)
Total other comprehensive income	447 267	500 277	447 267	500 277
At the end of period	6 804 235	6 492 878	6 804 235	6 823 197

SUMMARY STATEMENTS OF CASH FLOWS

	Audited Consolidated 12 months ended 31-Dec-22 K'000	Audited Consolidated 15 months ended 31-Dec-21 K'000	Audited Separate 12 months ended 31-Dec-22 K'000	Audited Separate 12 months ended 31-Dec-21 K'000
		Restated		Restated
Cash (used in)/ generated from operations	(322 215)	(707 851)	191 664	(423 791)
Interest paid	(101 660)	(37 575)	(101 660)	(37 575)
Taxation paid	(15 259)	(567)	(15 259)	(567)
Net cash (used in)/ generated from operating activities	(439 134)	(745 993)	74 745	(461 933)
Net Cash used in investing activities	(14 505)	(3 142 548)	(603)	(3 327 883)
Net cash generated from financing activities	500 000	3 455 523	500 000	3 500 000
Net increase/(decrease) in cash and cash equivalents	46 362	(433 018)	574 142	(289 816)
Cash and cash equivalents at the beginning of the year	636 916	1 069 934	109 136	398 952
Cash and cash equivalents at the end of the year	683 278	636 916	683 278	109 136

Publication commentary:

This publication supersedes the earlier preliminary publication published on 30 June 2023 which was based on unaudited financial statements. The audited results differ from the preliminary unaudited results which were published. The Group loss reported in the preliminary published unaudited results was K290 million compared to the loss reported in the audited results of K136 million. This is due to the change in the accounting treatment of the company's investment in Oasis Hospitality Limited where it has been accounted for as an associate from April 2022. This has resulted in the change in the financial performance and position from that which was earlier published.

Introduction

Blantyre Hotels Plc is a company which operates in the hospitality industry in Malawi with one hotel, Protea Hotel Ryalls, based in Blantyre.

Blantyre Hotels plc had 100% of Oasis Hospitality Limited until 31 March 2022. Following the execution of the shareholders agreement, other investors have come into Oasis Hospitality Limited and as a result, Blantyre Hotels plc shareholding in the company reduced to 28% and the remaining investment in the company has been accounted for as an associate from April 2022.

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

The summary consolidated and separate financial statements have been derived from the Annual Financial Statements that are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and were approved by the Board of Directors on 9 August 2023. The audited Financial Statements for the period ended 31st December 2022 can be accessed at the Company's registered office.

Overview of results

Group revenue for the year was K3.4 billion which was 71% higher than the revenue realized in 15 months last period. Hotel Occupancy averaged 46% in the period compared to 27% in the previous period. The increase in revenues was due to increase in occupancy in the period.

Cost of sales increased by 38% from K1.08 billion to K1.5 billion in the period due to the increase in general price of goods coupled with the increase in volume of business. Selling and administration expenses increased by 14% with notable increases in staff costs, fees to Management Company and capital raising costs.

The Group registered an EBITDA of K143 million against a negative EBITDA of K624 million in prior period. The Group incurred net finance charges of K595million for the Lilongwe project, resulting in a loss of K136 million (2021: a loss of K752 million).

Prospects*

The outlook for the next twelve months is promising with expected full recovery from the negative impact of COVID 19. We continue to drive operational excellence while personalizing the experience for our guests through the Marriott Bonvoy® rewards loyalty program which will grow our business and drive profitability. The first six months of 2023 have started off positively, as the hotel has performed better than projections.

The Lilongwe Hotel Project

The construction of the hotel building structures commenced in November 2022 and is progressing very well. The Board believes that the Lilongwe Hotel project presents the much required growth for Blantyre Hotels plc.

The funding for the project is through a special purpose vehicle (Oasis Hospitality Limited) which is owned by Blantyre Hotels plc and other investors. Blantyre Hotel's initial capital contribution to the project was funded through a bank loan. The Board had planned to raise capital for the project through a rights issue in 2021.

However, due to the adverse economic effects of the COVID 19 pandemic on the hospitality industry, which did not spare Blantyre Hotels, the planned rights issue was postponed to allow for a recovery of the company. The Board has in the meantime resolved to recommend to shareholders to approve a shareholders' loan as a bridging finance. The Board also resolved that the postponed rights issue should proceed in the second quarter of 2024 to raise funding for Blantyre Hotel's obligations towards the Lilongwe Hotel project, including the repayment of the existing loan facility.

Dividends

The Board resolved not to pay a dividend due to the current performance.

Approval of the summarized financial statements

The summarized consolidated and separate financial statements for the year ended 31 December 2022 were approved by the Board of Directors on 9 August 2023.

E Makuta
Chairperson

E A Malion
Director

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

To the Shareholders of Blantyre Hotels plc

Opinion

The summary consolidated and separate financial statements, which comprise the summary and consolidated and separate statements of financial position as at 31 December 2022, and 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, are derived from the audited financial statements of Blantyre Hotels plc for the year ended 31 December, 2022.

In our opinion, the accompanying summary consolidated and separate financial statements are a fair summary of the audited financial statements of Blantyre Hotels plc, and in accordance with 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 financial statements and the auditor's report thereon. The summary financial statements and the audited statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Consolidated and Separate Financial Statements and our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 10 August 2023. 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 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 a fair summary of the audited 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.

Chartered Accountants
Christopher Kapenda
Partner

10 August 2023

Deloitte.