



# BLANTYRE HOTELS PLC

## SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

### SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	30-Sep-18 K'000	30-Sep-17 K'000
Revenue	4,045,942	4,118,092
Cost of sales	(1,813,881)	(1,716,253)
Gross profit	2,232,061	2,401,839
Other income	57,933	15,225
Selling and administrative expenses	(1,844,219)	(1,651,305)
Profit from operating activities	445,775	765,759
Net finance income/(cost)	15,096	(22,959)
Profit before income tax	460,871	742,800
Taxation	(109,112)	(236,262)
Profit for the year	351,759	506,538
Other comprehensive income (net of tax)	838,564	5,060
Total comprehensive income for the year	1,190,323	511,598

Shares in issue (thousands)	839,750	839,750
Earnings per share(in tambala)	42	60

### SUMMARY STATEMENT OF FINANCIAL POSITION

	30-Sep-18 K'000	30-Sep-17 K'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	7,572,450	6,391,873
Intangible assets	6,981	8,121
Investment	-	2,284
Total non-current assets	7,579,431	6,402,278
<b>Current assets</b>		
Inventories	398,895	412,062
Trade and other receivables	312,032	360,813
Taxation	25,536	-
Cash and cash equivalents	493,773	493,354
Total current assets	1,230,236	1,266,229
<b>Total assets</b>	<b>8,809,667</b>	<b>7,668,507</b>

### EQUITY AND LIABILITIES

	30-Sep-18 K'000	30-Sep-17 K'000
<b>Equity</b>		
Share capital	41,988	32,298
Share premium	1,340,153	264,626
Revaluation reserve	4,325,404	3,518,171
Retained earnings	545,804	1,331,906
Total equity	6,253,349	5,147,001
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,908,264	1,571,541
<b>Current liabilities</b>		
Trade and other payables	648,054	683,468
Loans and borrowings	-	82,354
Current income tax liabilities	-	184,143
Total current liabilities	648,054	949,965
Total liabilities	2,556,318	2,521,506
<b>Total equity and liabilities</b>	<b>8,809,667</b>	<b>7,668,507</b>

### SUMMARY STATEMENT OF CHANGES IN EQUITY

	30-Sep-18 K'000	30-Sep-17 K'000
Balance as at 1 October 2017	5,147,001	4,764,595
Profit for the year	351,759	506,538
Total other comprehensive income	838,564	5,060
Dividends paid	(83,975)	(129,192)
Balance as at 30 September 2018	6,253,349	5,147,001

### SUMMARY STATEMENT OF CASH FLOWS

	30-Sep-18 K'000	30-Sep-17 K'000
<b>Cash generated from operations</b>	638,718	872,724
Interest paid	(8,562)	(33,731)
Taxation paid	(318,258)	(124,704)
<b>Net cash generated from operating activities</b>	<b>311,898</b>	<b>714,289</b>

### Other cash flows

Purchase of property and equipment	(177,613)	(322,041)
Acquisition of intangibles	(2,926)	(8,183)
Proceeds from the sale of equipment	546	7,262
Proceeds from the sale of investment	11,185	-
Finance income	23,658	22,152
Dividends paid to owners of the company	(83,975)	(127,028)
Repayment of loans	(82,354)	(96,479)
<b>Net cash outflows</b>	<b>(311,479)</b>	<b>(524,317)</b>

Net increase in cash and cash equivalents	419	189,972
Cash and cash equivalents at the beginning of the year	493,354	303,382
<b>Cash and cash equivalents at the end of the year</b>	<b>493,773</b>	<b>493,354</b>

- Full version of the Financial Statements can be obtained from NICO Asset Managers Limited, the Company Secretaries in Chibisa House, 19 Glyn Jones Road, Blantyre

### Publication commentary: Overview of results

Total revenue went down by 1.7% from K4.118 billion in 2017 to K4.046 billion for the year. This is primarily due to lower occupancy in the year which impacted rooms' revenue. Occupancy was lower this year due to a slowdown in corporate travel against last year while food and beverage revenues grew over last year.

Direct expenses increased from K1.716 billion to K1.814 billion representing an increase of 6%. The increase is in line with inflation which averaged 9% in the year. Selling and administration expenses increased by 12% with one off items on the costs associated with the issue of bonus shares and share split in the year. In addition, energy costs went up significantly due to tariff increases and persistent power cuts which resulted in the company using backup generators for the smooth running of the hotel operations.

The company recorded a net finance income of K15 million during the year against net finance cost of K23 million in prior year, as the loan obligation was fully paid in the year.

The company has registered a profit after tax of K352 million against a profit of K507 million in the previous year representing a decrease of 31%. The drop in profitability is due to the reduced revenues and increased costs in the period.

### Prospects

The Board welcomes new hotel developments which are coming up within Blantyre city. This offers new opportunities and indeed competition to us. Nevertheless, the Board has employed strategies to improve revenues such as strengthening our relationships with our corporate clients, leveraging our promotions to increase the local leisure market. We will intensify various international and local brand campaigns in addition to strengthening our Marriott loyalty program in the market. However, the ongoing efficiency and cost control strategies will continue to improve the operating margins.

Our plans to establish a new hotel in Lilongwe are on course.

### Dividend

An interim dividend of K67.1 million was paid on 18th January 2019.

The Directors will propose at the forth coming Annual General Meeting of members to pay a final dividend of K67.1 million bringing the total dividend to K134.2 million (2017: K148.6 million).

### Basis of preparation

The Directors have prepared the summary 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 statements of financial position, comprehensive income, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary financial statements.

### PROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 5 March 2019

Vizenge Kumwenda  
Chairman

Tom Daniel  
Director

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

#### Opinion

The summary financial statements, which comprise the summary statement of financial position as at 30 September 2018, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended and related notes, are derived from the audited financial statements of Blantyre Hotels PLC for the year ended 30 September 2018.

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

#### Summary financial statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary 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 financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

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

We expressed an unmodified audit opinion on the audited financial statements in our report dated 15 March 2019. 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 financial statements

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

#### Auditor's responsibility

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

**Deloitte.**

Chartered Accountants  
Christopher Kapenda  
Partner

20 March 2019