SUNBIRD TOURISM PLC

(Registration number 2774)

AUDITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2020 FINANCIAL YEAR RESULTS PUBLICATION COMMENTARY

The Board is pleased to present the audited financial results for the Company for the year ended 31 December 2020.

Financial performance

Total revenue at MK13.5 billion was 30% lower than 2019 revenue of MK19.4 billion. The Company registered 32% occupancy levels during the year compared to 52% achieved prior year.

The hospitality industry suffered unprecedented business disruption due to the impact of the COVID-19 pandemic which resulted in reduction in travel from both local and international tourists. The restrictions on number of participants attending meetings also affected the conference and banqueting business.

The Corporate Market segment which constituted 51% of total room nights sold continues to be the anchor segment for the business, followed by Commercial Market segment at 22%. There is continued focus on sustaining these key segments while initiatives to grow the other segments, such as leisure, continue to be prioritized in order to optimize the potential of the different properties of the Company, especially the resorts.

A number of segment based strategies are in place aimed at diversifying sources of revenues.
These strategies include diversification into management contracts and joint ventures among others. The company signed a concession agreement on Chintheche Inn in 2020 as part of this growth strategy.

The impact of Covid -19 pandemic led to suspension of some of the planned projects in the year, however the Company completed the construction of additional 15 rooms at Sunbird Nkopola and New Kitchen at Sunbird Ku Chawe. This is expected to enhance the revenue base for the company going forward.

Operating costs

Administration and other expenses decreased by 5%, from MK11.5 billion in 2019 to MK10.9 billion in 2020. The decrease was as a result of Management's efforts in aligning expenditure to business volumes.

Finance costs

Total finance costs amounted to MK826.0 million compared to MK228.7 million in 2019. The increase was as a result of capitalization of debt financed construction projects which included the new Soche International Conference Centre at Mount Soche, the refurbishment of rooms at both Sunbird Nkopola and Sunbird Livingstonia which were completed in 2019 and the construction of 15 additional rooms at Sunbird Nkopola completed in mid-2020.

Loss after tax

The Company incurred a loss of MK1.2 billion (2019: profit K2.6 billion). The Loss emanated from substantially reduced revenues occasioned by the effects of Covid-19 to which the sector is one of the severely impacted. The performance was also affected by the political related disruptions arising from presidential re-elections in 2020.

Dividend

Due to the loss that the Company has reported for the year, the Board resolved no dividend shall be paid in respect of the year ended 31 December 2020. In 2019, the Company declared a total dividend of MK261.6 million or K1 per share.

Strategy and Outlook

The Board expects the country's economy to continue to face considerable risks including the impact of the COVID-19 pandemic and the consequences of high government debt on the economy. However, the arrival of COVID-19 vaccines and good agricultural season project a more favourable outlook than 2020.

The COVID-19 pandemic has affected the travel patterns for both corporate and leisure and is resulting in significant reduction of travel, thereby depressing the hospitality sector. There are some signs of confidence in the market due to reduced number of new cases and the roll out of the vaccines worldwide. The Board is optimistic that if the trend is sustained, the business should return to profitability.

The Company will continue its efforts to improve service delivery, enhance guest experience, undertake product improvements (refurbishments) and also intensify sales and marketing activities.

There are a number of key product improvement plans that are currently underway. These include: the completion of the 42 bedroom Sunbird Waterfront Hotel at Sunbird Livingstonia Beach, refurbishment of Sunbird Ku Chawe and Sunbird Mzuzu, introduction of new Vincent Platinum Restaurant at Sunbird Mount Soche. These are expected to be completed in 2021.

Sunbird will continue to offer unrivalled guest experience through delivery of high quality products and services in order to retain and grow its client base both in the domestic as well as the international market sectors.

On behalf of the Board

G. Partridge — **Chairman**

V. Munthali — **Director**

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the shareholders of Sunbird Tourism Plc

Opinion

The summary financial statements, which comprise the summarised statement of financial position as at 31 December 2020, the summarised statement of profit or loss and other compressive income and summarised statement of cash flows for the year then ended, and basis of preparation note, are derived from the audited financial statement of Sunbird Tourism Plc for the year ended 31 December 2020.

In our opinion, the accompanying summary statements are consistent, in all material respects, with the financial statements of Sunbird Tourism Plc, and in accordance with the basis of preparation note.

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 our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 30 March 2020. That report also includes the communication of key audit matters (KAM). Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements for the current period.

Directors' Responsibility for the Summary Financial Statements

Directors are responsible for the preparation of the summary financial statements in accordance with the basis of preparation note.

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.

Grant Thornton

Lamion Gama
Chartered Accountant (Malawi)
Partner
Blantyre, Malawi

31 March 2021

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		CONSOLIDATED	SEPARATE
	2020	2019	2019
	MK'000	MK'000	MK'000
Revenue	**13,510,287**	**19,370,089**	**17,935,784**
Cost of sales	(2,931,119)	(3,830,687)	(3,301,470)
Gross profit	**10,579,168**	**15,539,402**	**14,634,314**
Other income	255,302	204,555	214,159
Administration and other expenses	(10,982,130)	(11,523,158)	(10,736,648)
Operating (loss)/profit	**(147,660)**	**4,220,799**	**4,111,825**
Finance costs	(825,952)	(228,749)	(216,037)
(Loss)/profit before taxation	**(973,612)**	**3,992,050**	**3,895,788**
Income tax expense	(206,234)	(1,397,500)	(1,365,382)
(Loss)/profit for the year	**(1,179,846)**	**2,594,550**	**2,530,406**
Other comprehensive income, net of tax	4,983,144	-	-
Total comprehensive income	**3,803,298**	**2,594,550**	**2,530,406**
(Loss)/profit attributtable to:			
Owners of the company	**(1,179,846)**	**2,594,550**	**2,530,406**
Total comprehensive income attributtable to:			
Owners of the company	**3,803,298**	**2,594,550**	**2,530,406**
Earnings per share, tambala- Basic and diluted	**(451)**	**992**	

SUMMARISED STATEMENT OF FINANCIAL POSITION

		CONSOLIDATED	SEPARATE
	2020	2019	2019
	MK'000	MK'000	MK'000
ASSETS			
Non-current assets			
Property and equipment	42,907,387	33,686,969	33,008,353
Investment in subsidiary	-	-	102,023
Intangible assets	137,356	141,150	141,150
Total non-current assets	**43,044,743**	**33,828,119**	**33,251,526**
Current assets			
Inventories	2,858,156	2,166,828	2,091,502
Trade and other receivables	1,724,092	2,731,420	2,573,519
Amounts due from related parties	1,107,937	1,271,251	669,612
Income Tax Receivable	541,895	1,188,566	1,121,368
Cash and cash equivalents	1,109,609	675,997	669,979
Total current assets	**7,341,689**	**8,034,062**	**7,125,980**
TOTAL ASSETS	**50,386,432**	**41,862,181**	**40,377,506**
EQUITY AND LIABILITIES			
Share capital	13,079	13,079	13,079
Share premium	1,966	1,966	1,966
Revaluation reserve	15,819,573	10,994,837	10,747,937
Retained earnings	11,183,415	12,335,644	11,567,070
Total equity	**27,018,033**	**23,345,526**	**22,330,052**
Non-current liabilities			
Corporate bonds	10,400,000	7,800,000	7,800,000
Deferred income	228,301	57,149	57,149
Deferred tax liabilities	9,860,147	7,518,280	7,411,219
Total non-current liabilities	**20,488,448**	**15,375,429**	**15,268,368**
Current liabilities			
Trade and other payables	2,123,818	2,182,153	1,924,598
Corporate bonds	66,503	57,220	57,220
Employee benefits	32,713	169,268	158,211
Amounts due to related parties	526,220	570,711	570,711
Deferred income	130,697	117,901	61,621
Lease liabilities	-	6,725	6,725
Bank Overdraft	-	37,248	-
Total current liabilities	**2,879,951**	**3,141,226**	**2,779,086**
Total liabilities	**23,368,399**	**18,516,655**	**18,047,454**
TOTAL EQUITY AND LIABILITIES	**50,386,432**	**41,862,181**	**40,377,506**

SUMMARISED STATEMENT OF CASH FLOWS

		CONSOLIDATED	SEPARATE
	2020	2019	2019
	MK'000	MK'000	MK'000
Cash flows from operating activities			
Cash receipts from customers	15,646,680	18,392,299	17,100,404
Cash paid to suppliers and employees	(13,667,273)	(14,105,396)	(12,953,465)
Cash generated from operations	**1,979,407**	**4,286,903**	**4,146,939**
Interest paid	(1,380,424)	(842,119)	(829,883)
Taxation paid	(207,474)	(924,540)	(806,025)
Net cash from operating activities	**391,509**	**2,520,244**	**2,511,031**
Cash flows from investing activities			
Acquisition of property and equipment	(2,438,412)	(6,344,983)	(6,297,217)
Acquisition of intangible assets	(46,958)		-
Proceeds from sale of property and equipment	9,195	443,251	416,197
Net cash used in investing activities	**(2,476,175)**	**(5,901,732)**	**(5,881,020)**
Cash flows from financing activities			
Proceeds from borrowings	3,411,728	4,560,000	4,560,000
Repayment of borrowings	(818,453)	(711,001)	(704,281)
Dividends paid	(37,663)	(261,582)	(261,582)
Net cash from/(used in) financing activities	**2,555,612**	**3,587,417**	**3,594,137**
Net increase/(decrease) in cash and cash	**470,946**	**205,929**	**224,148**
Cash and cash equivalents at beginning of the year	**638,749**	**432,347**	**445,355**
Effect of exchange rate fluctuations on cash held	**(86)**	**473**	**476**
Cash and cash equivalents at end of the year	**1,109,609**	**638,749**	**669,979**

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 statement of financial position, summary statement of profit or loss and other comprehensive income and summary statement of cash flows are sufficient to meet the requirements of the users of the summary financial statements. The amounts in the summary financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards.