



# BLANTYRE HOTEL PLC

## SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2021

### SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

	Consolidated 15 months to 31-Dec-21 K'000	Consolidated 12 months to 30-Sep-20 K'000	Separate 15 months to 31-Dec-21 K'000	Separate 12 months to 30-Sep-20 K'000
Revenue	1 974 975	2 076 659	1 974 975	2 076 659
Cost of sales	<u>(1 086 962)</u>	<u>(1 152 931)</u>	<u>(1 086 962)</u>	<u>(1 152 931)</u>
Gross Profit	888 013	923 728	888 013	923 728
Other income	6 455	3 569	6 455	1 569
Selling and administrative expenses	<u>(1 739 446)</u>	<u>(1 642 029)</u>	<u>(1 479 989)</u>	<u>(1 562 603)</u>
Net finance (cost)/ income	<u>(194 288)</u>	<u>47 045</u>	<u>(60 768)</u>	<u>47 642</u>
Loss before taxation	<u>(1 039 266)</u>	<u>(667 687)</u>	<u>(646 289)</u>	<u>(589 664)</u>
Taxation	<u>287 427</u>	<u>213 916</u>	<u>169 212</u>	<u>189 400</u>
Loss for the period	<u>(751 839)</u>	<u>(453 771)</u>	<u>(477 077)</u>	<u>(400 264)</u>
Other comprehensive income (net of tax)	<u>500 277</u>	<u>705 401</u>	<u>500 277</u>	<u>705 401</u>
Total comprehensive (loss)/income for the period	<u>(251 562)</u>	<u>251 630</u>	<u>23 200</u>	<u>305 137</u>
Shares in issue	<u>839 750</u>	<u>839 750</u>	<u>839 750</u>	<u>839 750</u>
Loss per share (in tambala)	<u>(90)</u>	<u>(54)</u>		

### SUMMARY STATEMENTS OF FINANCIAL POSITION

	Consolidated 15 months to 31-Dec-21 K'000	Consolidated 12 months to 30-Sep-20 K'000	Separate 15 months to 31-Dec-21 K'000	Separate 12 months to 30-Sep-20 K'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	14 652 418	12 253 081	8 783 141	8 249 184
Intangible assets	-	813	-	813
Investment in subsidiary	-	-	3 686 301	77 500
Deferred tax asset	<u>143 610</u>	<u>25 395</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>14 796 028</u>	<u>12 279 289</u>	<u>12 469 442</u>	<u>8 327 497</u>
<b>Current assets</b>				
Inventories	292 216	283 129	292 216	283 129
Trade and other receivables	381 868	142 832	406 070	198 265
Tax recoverable	83 520	82 953	83 307	82 740
Cash and cash equivalents	<u>664 723</u>	<u>1 069 934</u>	<u>136 943</u>	<u>398 952</u>
Total current assets	<u>1 422 327</u>	<u>1 578 848</u>	<u>918 536</u>	<u>963 086</u>
Total assets	<u>16 218 355</u>	<u>13 858 137</u>	<u>13 387 978</u>	<u>9 290 583</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
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	5 314 507	4 903 821	5 314 507	4 903 821
(Accumulated losses)/retained earnings	<u>(203 770)</u>	<u>458 478</u>	<u>126 549</u>	<u>514 035</u>
Total equity	<u>6 492 878</u>	<u>6 744 440</u>	<u>6 823 197</u>	<u>6 799 997</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	2 006 683	1 960 024	2 006 683	1 960 024
Loan and borrowings	<u>3 842 162</u>	<u>-</u>	<u>3 842 162</u>	<u>-</u>
Total non-current liabilities	<u>5 848 845</u>	<u>1 960 024</u>	<u>5 848 845</u>	<u>1 960 024</u>
<b>Current liabilities</b>				
Trade and other payables	1 686 447	3 212 479	688 129	530 562
Loan and borrowings	2 133 253	1 786 846	-	-
Bank overdraft	27 807	-	27 807	-
Amount due to related parties	<u>29 125</u>	<u>154 348</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>3 876 632</u>	<u>5 153 673</u>	<u>715 936</u>	<u>530 562</u>
Total liabilities	<u>9 725 477</u>	<u>7 113 697</u>	<u>6 564 781</u>	<u>2 490 586</u>
Total equity and liabilities	<u>16 218 355</u>	<u>13 858 137</u>	<u>13 387 978</u>	<u>9 290 583</u>

### SUMMARY STATEMENTS OF CHANGES IN EQUITY

	Consolidated 15 months to 31-Dec-21 K'000	Consolidated 12 months to 30-Sep-20 K'000	Separate 15 months to 31-Dec-21 K'000	Separate 12 months to 30-Sep-20 K'000
At the beginning of period	6 744 440	6 492 810	6 799 997	6 494 860
Loss for the period	(751 839)	(453 771)	(477 077)	(400 264)
Total other comprehensive income	<u>500 277</u>	<u>705 401</u>	<u>500 277</u>	<u>705 401</u>
At the end of period	<u>6 492 878</u>	<u>6 744 440</u>	<u>6 823 197</u>	<u>6 799 997</u>

### SUMMARY STATEMENTS OF CASH FLOWS

	Consolidated 15 months to 31-Dec-21 K'000	Consolidated 12 months to 30-Sep-20 K'000	Separate 15 months to 31-Dec-21 K'000	Separate 12 months to 30-Sep-20 K'000
<b>Cash (used in)/generated from operations</b>	(557 191)	357 673	(423 791)	(300 814)
Interest paid	(530 397)	(3 055)	(379 737)	(98)
Taxation paid	<u>(567)</u>	<u>(71 802)</u>	<u>(567)</u>	<u>(71 589)</u>
Net cash (used in)/generated from operating activities	<u>(1 088 155)</u>	<u>282 816</u>	<u>(804 095)</u>	<u>(372 501)</u>
<b>Cash flows from investing activities</b>	<u>(3 533 432)</u>	<u>(920 364)</u>	<u>(3 327 883)</u>	<u>15 273</u>
<b>Cash flows from financing activities</b>	<u>4 188 569</u>	<u>825 000</u>	<u>3 842 162</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(433 018)	187 452	(289 816)	(357 228)
Cash and cash equivalents at the beginning of the period	<u>1 069 934</u>	<u>882 482</u>	<u>398 952</u>	<u>756 180</u>
Cash and cash equivalents at the end of the period	<u>636 916</u>	<u>1 069 934</u>	<u>109 136</u>	<u>398 952</u>

### NOTES TO THE SUMMARY FINANCIAL STATEMENTS

	NBS Bank K'000	NAML K'000	STD Bank K'000	NBM K'000	Total K'000
<b>Loans and Borrowings</b>					
<b>Group</b>					
<b>Short term</b>					
<b>31 December 2021</b>					
Balance at the beginning of the period	836 527	950 319	-	-	1 786 846
Additions	-	-	2 000 000	-	2 000 000
Accrued interest for the period	128 723	128 908	133 253	-	390 884
Repayment	<u>(965 250)</u>	<u>(1 079 227)</u>	<u>-</u>	<u>-</u>	<u>(2 044 477)</u>
Balance as at end of the period	<u>-</u>	<u>-</u>	<u>2 133 253</u>	<u>-</u>	<u>2 133 253</u>
<b>30 September 2020</b>					
Balance at the beginning of the year	-	825 576	-	-	825 576
Additions	825 000	-	-	-	825 000
Accrued interest for the year	<u>11 527</u>	<u>124 743</u>	<u>-</u>	<u>-</u>	<u>136 270</u>
Balance as at end of the year	<u>836 527</u>	<u>950 319</u>	<u>-</u>	<u>-</u>	<u>1 786 846</u>
<b>Group and company</b>					
<b>Long term</b>					
<b>31 December 2021</b>					
Balance at the beginning of the period	-	-	-	-	-
Additions	-	-	-	3 500 000	3 500 000
Accrued interest for the period	-	-	-	342 162	342 162
Balance as at end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>3 842 162</u>	<u>3 842 162</u>

#### NBS Bank loan

A loan of K825 million was obtained by Oasis Hospitality from NBS Bank plc on 31 August 2020, and had interest borne at 17%. This loan was secured by an unlimited corporate guarantee by Blantyre Hotels plc. The loan principal and interest amount was paid as bullet payment during the period.

#### Nico Asset Managers (NAML) loan

The loan which was obtained by Oasis Hospitality from NICO Asset Managers Ltd was renewed on 30 September 2020 upon its maturity. The renewed loan agreement attracted interest equivalent to 364 Treasury bill rate from the last public auction of 13.5% plus 5% per annum, translating to 18.5% semi-annually in advance. This loan was secured by an unlimited corporate guarantee by Blantyre Hotels plc. The bullet principal amount plus interest payment was made during the period.

#### Standard Bank loan

A loan of K2 billion was obtained by Oasis Hospitality from Standard Bank in May 2021 at an average 364 Malawi Government Treasury bill rate plus a premium of 3% and is repayable in 12 months as a bullet payment on maturity. The facility is secured by a corporate guarantee by Blantyre Hotels plc. The amount will be repaid through capital contributions through the investors invited to participate in the development of the hotel to be constructed in Lilongwe.

#### National Bank of Malawi loan

A loan of K3.5 billion was obtained by the Company from National Bank of Malawi in the year and attracts interest at 6.1% above the reference rate and is repayable over a period of 7 years inclusive of a 24 month moratorium on both principal and interest repayment. The loan is secured by a legal charge for K4 billion over the Company's property title number Blantyre West 132, Blantyre Hotels plc. The property, valued at K8 billion as at 31 December 2021, is included as part of the property and equipment as detailed in note 7 to the financial statements.

### Introduction

Blantyre Hotels Plc is a Company domiciled in Malawi and incorporated under the Malawi Companies Act, 2013. The main business of the Company is the provision of accommodation, conferencing and catering services. The registered address of the Company is Ryalls Hotel, 2 Hannover Avenue, P.O. Box 21, Blantyre, Malawi. The Company owns 100% Oasis Hospitality Limited, a Company incorporated in Malawi whose main business is the same as that of Blantyre Hotels Plc.

### Basis of preparation

The Directors have prepared the summary consolidated and separate financial statements to meet the listings requirements of the Malawi Stock Exchange. The Directors have considered the listings requirements of the Malawi Stock Exchange and believe that the summary consolidated and separate statements of comprehensive income, summary consolidated and separate statements of financial position, summary consolidated and separate statements of changes in equity and summary consolidated and separate statements of 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 prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards and have been derived from the audited financial statements which were approved by the Board of Directors on 17 March 2022 and are available at Nico Asset Managers Limited, the Company Secretaries in Chibisa House, 19 Glyn Jones Road, Blantyre.

### Overview of results

Group revenue for the 15 months amounted to K1.97 billion which was 6% lower than the revenue realized in the 12 months ended 30 September 2020. Hotel Occupancy averaged 23% in the period compared to 20% in the previous period. The decrease in revenues was due to the impact of the COVID-19 pandemic.

Cost of sales decreased by 5% from K1.15 billion to K1.08 billion. Selling expenses increased by 5% with notable increases in software and maintenance support, staff costs and finance charges. The group incurred net finance charges of K194 million during the period attributable to loan facilities obtained for the Lilongwe hotel project. These short-term borrowings will be settled using proceeds of the capital raise to be done in the next twelve months. The Group, therefore, registered a loss of K752 million (2020: K454 million) due to the decline in business.

### Prospects

The outlook, for the next twelve months, looks promising as domestic and international travel gradually resumes and with the Government relaxing COVID-19 protocols, 2022 will be a year of recovery for the hotel. Our strategy is 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. We will continue to deliver excellent food and beverages and also improve efficiency.

The first four months of 2022 have started off positively, as we have performed better than projections for both revenues & expenses. We will continue to build on this strong momentum.

### The Lilongwe Hotel Project

The Group, through Oasis Hospitality Limited, finalised a subscription agreement and capital raise in respect of a majority portion of the estimated project cost. During the year, the project was granted planning permission approval by the Lilongwe City Council to develop the property. The Malawi Environment Protection Authority also granted the approval to proceed with the project in accordance with the requirements of the Environmental Management Act (no 19 of 2017). The project developer is now finalising the main contractor agreement and planning for site mobilization in Q4 2022 based on the revised development program. The Board is committed to the implementation of the project, despite challenges caused by the COVID-19 pandemic and the recent devaluation of the local currency. The Group is finalizing the planning for its capital raise for the purpose of funding furniture and equipment for the new hotel.

### Dividends

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

23 June 2022

  
E Makuta  
Chairperson

  
E A Malion  
Director

### REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF BLANTYRE HOTELS PLC

#### Opinion

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statements of financial position as at 31 December 2021, 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 fifteen months then ended and related notes, are derived from the audited consolidated and separate financial statements of Blantyre Hotels plc for the fifteen months ended 31 December 2021.

In our opinion, the accompanying summary consolidated and separate financial statements are a fair summary of the audited consolidated and separate financial statements, and on the basis described in 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 1 June 2022. 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.

Our auditor's report on the audited consolidated financial statements also includes an emphasis of matter paragraph drawing attention to the group's and company's financial performance as a result of the impact of Covid -19 and costs relating to the construction of the Lilongwe hotel.

#### 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 in 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 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

24 June 2022