

# CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

## Growth in Profitability



## Growth in Revenue



### Performance Overview

The Board is pleased to announce the unaudited interim financial results for the company for the six months ended 30 June 2023.

Despite starting the 2023 financial year with a great deal of uncertainty, that was only made worse by the impact of cyclone Freddy in the early months of the year, the business traded very strongly in the first half of the year, registering a healthy occupancy of 51.5% and 45% increase in revenue per available room compared to prior year.

Total revenue for the company as at June 2023 amounted to K14.8 billion which was 47% higher than prior year's first half revenue of K10.0 billion.

The corporate segment was the highest contributor with 82% of the rooms nights and continued to be the anchor segment for the business. The segment is expected to remain the key driver for the business in the second half of the year. Efforts to grow other segments with focus on domestic leisure have been put in place.

### Operating Costs

Administrative and other expenses, at K7.3 billion, were 37% higher compared to prior year. The increase is driven by increase in business volumes and rise in cost of inputs due to high inflation. Management continues to review business processes to ensure expenses are in line with business levels.

### Finance Costs

Finance costs totaled K942.9 million which was 4% lower than last year's finance costs of K980.3 million. The decrease in the finance costs compared to prior year is because of repayment of corporate bonds and other loans.

### Profit After Tax

Profit after tax of K1.6 billion for the period to June 2023 was 296% above prior year's profit of K400 million.

### Dividend

During the period, an interim dividend of K524 million or K2.00 per share has been proposed relating to the year 2023 (2022: K131 million or K0.50 per share).

### Outlook

Looking ahead to the end of the year, the tourism industry is expected to continue on a recovery trajectory, and this is expected to have a positive impact on business performance, should the economic environment remain stable.

Several product improvement initiatives have been implemented and others are currently underway. These include the refurbishment of rooms at Sunbird Capital, Sunbird Ku Chawe and Sunbird Mzuzu, and upgrade of arrival experience at Sunbird Livingstonia. With these new initiatives, the company is poised to register a decent performance in the second half of the year.

High level of inflation remains one of the major risks that may affect the performance of the business. This risk is largely driven by the excessive shortage of foreign currency on the market, as well as the increasing food prices.

### On Behalf of the Board, dated this 14 September 2023

**Vilipo Munthali**  
Chairman

**Moureen Mbeye**  
Director

CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
	UNAUDITED 6 MONTHS 30-Jun-23 MK'000	AUDITED 12 MONTHS 31-Dec-22 MK'000	UNAUDITED 6 MONTHS 30-Jun-22 MK'000
Revenue	14,768,155	25,670,156	10,030,261
Cost of sales	(4,356,278)	(8,363,979)	(3,425,552)
Gross profit	10,411,877	17,306,177	6,604,709
Other income	95,646	271,527	165,276
Administration and other expenses	(7,344,617)	(11,796,955)	(5,365,524)
Operating Profit	3,162,906	5,780,749	1,404,461
Finance income	46,660	24,482	18,286
Finance costs	(942,895)	(2,103,230)	(980,268)
Profit before income tax expense	2,266,671	3,702,001	442,479
Income tax expense	(679,881)	(651,500)	(42,279)
Profit for the period	1,586,790	3,050,501	400,200
Total comprehensive income for the period:	1,586,790	3,050,501	400,200
Earnings per share (tambala) - Basic and diluted	607	1,166	153
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION			
	UNAUDITED 6 MONTHS 30-Jun-23 MK'000	AUDITED 12 MONTHS 31-Dec-22 MK'000	UNAUDITED 6 MONTHS 30-Jun-22 MK'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	48,339,263	47,822,780	46,828,841
Intangible assets	256,692	123,957	108,212
Total non-current assets	48,595,955	47,946,737	46,937,053
<b>Current assets</b>			
Inventories	3,512,020	3,090,654	2,625,449
Trade and other receivables	4,703,585	3,480,402	3,422,185
Amounts due from related parties	970,658	881,157	896,613
Income Tax Receivable	-	458,063	775,055
Cash and cash equivalents	1,842,703	2,156,748	652,068
Total current assets	11,028,966	10,067,024	8,371,370
<b>TOTAL ASSETS</b>	<b>59,624,921</b>	<b>58,013,761</b>	<b>55,308,423</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	13,079	13,079	13,079
Share premium	1,966	1,966	1,966
Revaluation reserve	15,287,614	15,409,596	15,528,800
Retained earnings	16,971,682	15,262,910	12,624,195
Total equity	32,274,341	30,687,551	28,168,040
<b>Non-current liabilities</b>			
Corporate bonds	6,210,000	8,660,000	10,076,194
Deferred income	443,275	417,717	453,947
Deferred tax liabilities	10,119,297	10,125,462	9,931,482
Lease liabilities	24,398	39,776	51,171
Total non-current liabilities	16,796,970	19,242,955	20,512,794
<b>Current liabilities</b>			
Trade and other payables	4,471,909	4,321,267	3,563,874
Employee benefits	1,554,223	957,522	310,902
Amounts due to related parties	547,609	694,533	573,412
Corporate bonds	3,528,984	1,516,850	1,000,843
Loans and borrowings	-	330,975	831,128
Deferred income	176,491	238,655	175,880
Lease liabilities	27,232	23,453	22,852
Current tax liabilities	106,777	-	-
Bank overdraft	140,385	-	148,698
Total current liabilities	10,553,610	8,083,255	6,627,589
<b>Total liabilities</b>	<b>27,350,580</b>	<b>27,326,210</b>	<b>27,140,383</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>59,624,921</b>	<b>58,013,761</b>	<b>55,308,423</b>

CONDENSED INTERIM STATEMENTS OF CASH FLOWS			
	UNAUDITED 6 MONTHS 30-Jun-23 MK'000	AUDITED 12 MONTHS 31-Dec-22 MK'000	UNAUDITED 6 MONTHS 30-Jun-22 MK'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers	13,551,118	25,870,190	10,101,017
Cash paid to suppliers and employees	(11,337,406)	(17,927,007)	(8,029,972)
Cash generated from operations	2,213,712	7,943,183	2,071,045
Interest paid	(685,888)	(2,090,043)	(764,183)
Income tax paid	(121,205)	(327,133)	(228,884)
Net cash from operating activities	1,406,619	5,526,007	1,077,978
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	(1,090,201)	(2,473,913)	(1,062,585)
Acquisition of intangible assets	-	(47,737)	-
Proceeds from sale of property and equipment	9,701	14,191	8,736
Net cash used in investing activities	(1,080,500)	(2,507,459)	(1,053,849)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	257,007	300,000	300,000
Repayment of borrowings	(1,037,448)	(1,806,858)	(590,784)
Dividend paid	-	(130,790)	-
Net cash utilised in financing activities	(780,441)	(1,637,648)	(290,784)
Net (decrease)/increase in cash and cash equivalents	(454,322)	1,380,900	(266,655)
Cash and cash equivalents at beginning of the period	2,156,748	769,608	769,608
Effect of exchange rate fluctuations on cash held	(108)	6,240	417
Cash and cash equivalents at end of the period	1,702,318	2,156,748	503,370

STATEMENT OF CHANGES IN EQUITY					
	Share Capital MK'000	Share Premium MK'000	Revaluation Reserve MK'000	Retained Earnings MK'000	Total MK'000
Reviewed 2023					
Balance as at 1 January 2023	13,079	1,966	15,409,596	15,262,910	30,687,551
Profit for the period	-	-	-	1,586,790	1,586,790
Total Comprehensive Income	-	-	-	1,586,790	1,586,790
Transfer to retained earnings	-	-	(121,982)	121,982	-
Balance as at 30 June 2023	13,079	1,966	15,287,614	16,971,682	32,274,341
Audited 2022					
Balance as at 1 January 2022	13,079	1,966	15,632,180	12,120,615	27,767,840
Profit for the period	-	-	-	3,050,501	3,050,501
Total comprehensive income	-	-	-	3,050,501	3,050,501
Transactions with the owners					
Dividend Paid	-	-	(222,584)	(130,790)	(130,790)
Transfer to retained earnings	-	-	-	222,584	-
Balance as at 31 December 2022	13,079	1,966	15,409,596	15,262,910	30,687,551

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